

Semac & Partners LLC

**Financial statements for the year
ended 31 March 2019**

Semac & Partners LLC
Financial statements for the year ended 31 March 2019

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Semac & Partners LLC

Administration and contact details as at 31 March 2019

Commercial registration number	1594788
Members	Abhishek Dalmia Musallam Salim Mahad Qatan
Registered office	Post Box No. 3784 Postal code 112 Muscat Sultanate of Oman
Bankers	Bank Muscat Oman Arab Bank
Auditors	BDO Suite No. 601 & 602 Pent House, Beach One Building Way No. 2601, Shatti Al Qurum PO Box 1176, Ruwi, PC 112 Muscat Sultanate of Oman



Independent auditor's report to the members of Semac & Partners LLC

Opinion

We have audited the financial statements of Semac & Partners LLC ("the Company"), which comprise the statement of financial position as at 31 March 2019, the statement of profit and loss and other comprehensive income, the statement of changes in members' equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and have fulfilled our other responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other matters

The financial statements of the Company for the year ended 31 March 2018 were audited by another auditor, who expressed an unqualified opinion on those financial statements dated 18 May 2018.

Responsibilities of management for the financial statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The management is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



**Independent auditor's report to the members of
Semac & Partners LLC (continued)**

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Further, as required by the Commercial Companies Law 1974, as amended, of the Sultanate of Oman, we report that:

- we have obtained all the information we considered necessary for the purpose of our audit; and
- the Company has maintained proper books of account and the financial statements are in agreement therewith.

In addition, we report that, nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Commercial Companies Law 1974, as amended, of the Sultanate of Oman, which would materially affect its activities, or its financial position as at 31 March 2019.

BDO

Muscat

Date: 15 May 2019




Bipin Kapur
Partner

Semac & Partners LLC
Statement of financial position as at 31 March 2019
(Expressed in Omani Rials)

	Notes	31 March 2019	31 March 2018
ASSETS			
Non-current assets			
Plant and equipment	6	25,767	41,027
Intangible assets	7		484
Total non-current assets		<u>25,767</u>	<u>41,511</u>
Current assets			
Trade receivables and other financial assets at amortised cost	8	763,608	729,202
Cash and bank balances	18	182,129	428,870
Due from related parties	9	386,699	405,733
Total current assets		<u>1,332,436</u>	<u>1,563,805</u>
TOTAL ASSETS		<u><u>1,358,203</u></u>	<u><u>1,605,316</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	250,001	250,001
Proposed increase in share capital	10	999	999
Legal reserve	11	83,667	83,667
Retained earnings		759,064	760,501
Total capital and reserves		<u>1,093,731</u>	<u>1,095,168</u>
Non-current liabilities			
Employees' terminal benefits	12	52,210	48,920
Total non-current liabilities		<u>52,210</u>	<u>48,920</u>
Current liabilities			
Trade and other payables	13	212,262	461,228
Total current liabilities		<u>212,262</u>	<u>461,228</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,358,203</u></u>	<u><u>1,605,316</u></u>

These financial statements, as set out on pages 4 to 34, were approved and authorised for issue by the members on _____ and were signed on their behalf by:



Abhishek Dalmia
Member

Semac & Partners LLC**Statement of profit or loss and other comprehensive income for the year ended 31 March 2019****(Expressed in Omani Rials)**

	Notes	2018-19	2017-18
Revenue from contracts with customers	14	1,518,760	1,231,805
Other income	15	74,271	47,002
		<u>1,593,031</u>	<u>1,278,807</u>
Expenses			
Salaries and other related staff costs	16	(884,326)	(862,481)
General and administrative expenses	17	(364,403)	(260,575)
Depreciation	6	(25,332)	(32,701)
Loan written-off		(42,047)	-
Amortisation of intangible assets	7	(484)	(1,967)
Provision for expected credit losses	8	(86,213)	(30,800)
		<u>(1,402,805)</u>	<u>(1,188,524)</u>
Net profit before tax for the year		190,226	90,283
Income tax expense	19	(38,110)	(16,573)
Net profit after tax and total comprehensive income for the year		<u>152,116</u>	<u>73,710</u>

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Semac & Partners LLC

**Statement of changes in members' equity for the year ended 31 March 2019
(Expressed in Omani Rials)**

	Notes	Share capital	Legal reserve	Proposed increase in share capital	Retained earnings	Total
At 31 March 2017		250,001	83,667	999	947,831	1,282,498
Net profit after tax and total comprehensive income for the year		-	-	-	73,710	73,710
Dividends for the year	24	-	-	-	(261,040)	(261,040)
At 31 March 2018		250,001	83,667	999	760,501	1,095,168
Effect of first time adoption of IFRS 9	3	-	-	-	(52,749)	(52,749)
As at 1 April 2018		250,001	83,667	999	707,752	1,042,419
Net profit after tax and total comprehensive income for the year		-	-	-	152,116	152,116
Dividends for the year	24	-	-	-	(100,804)	(100,804)
At 31 March 2019		250,001	83,667	999	759,064	1,093,731

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Semac & Partners LLC

Statement of cash flows for the year ended 31 March 2019

(Expressed in Omani Rials)

	Notes	2018-19	2017-18
Operating activities			
Net profit after tax for the year		152,116	73,710
Adjustments for:			
Depreciation	6	25,332	32,701
Amortisation of intangible assets	7	484	1,967
Provision for expected credit losses	8	86,213	-
Profit on disposal of plant and equipment	15	-	(3,500)
Income tax provision	19	38,110	-
Loan written-off		42,047	-
Interest income	15	(27,023)	(26,530)
Provision for employees' terminal benefits	12	7,029	-
Operating profit before working capital changes		<u>324,309</u>	<u>78,348</u>
Working capital changes			
Trade and other receivables		(173,368)	(436,311)
Trade and other payables		(58,036)	338,053
Due from related parties		4,010	26,530
Cash provided by operating activities		<u>96,915</u>	<u>6,620</u>
Income tax paid	19	(18,804)	(26,204)
Employees' terminal benefits paid	12	(3,739)	-
Net cash provided by/(used in) operating activities		<u>74,372</u>	<u>(19,584)</u>
Investing activities			
Purchase of plant and equipment	6	(10,072)	(18,607)
Proceeds from sale of plant and equipment		-	3,500
Amounts placed in margin money deposits		(3,572)	-
Net cash used in investing activities		<u>(13,644)</u>	<u>(15,107)</u>
Financing activities			
Dividend paid		(311,040)	(261,040)
Net cash used in investing activities		<u>(311,040)</u>	<u>(261,040)</u>
Net decrease in cash and cash equivalents		<u>(250,313)</u>	<u>(295,731)</u>
Cash and cash equivalents, beginning of the year		286,566	582,297
Cash and cash equivalents, end of the year	18	<u>36,253</u>	<u>286,566</u>

Disclosure as required by IAS 7 "Statement of Cash Flows" has been shown in Note 27 to the financial statements.

As the margin money deposits are pledged against bank guarantees issued by the Company's bankers. The amounts are not considered as part of cash and cash equivalents.

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Semac & Partners LLC

Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

1 Legal status and principal activities

Semac & Partners LLC ("the Company") is a limited liability company registered with the Ministry of Commerce and Industry in accordance with the provisions of the Commercial Companies Law 1974, as amended, of the Sultanate of Oman. The Company's principal activity is providing engineering and architectural consultancy services.

The Company's principal place of business is located at Ruwi, Muscat, Sultanate of Oman.

These financial statements were approved for issue by the members on 15 May 2019.

2 Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and the requirements of the Commercial Companies Law 1974, as amended, of the Sultanate of Oman.

Basis of presentation

The financial statements have been prepared under the historical cost convention. The preparation of financial statements is in conformity with IFRS that requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies.

Functional currency

These financial statements are presented in Omani Rial (RO) which is the functional and reporting currency of the Company.

3 Adoption of new and revised IFRS

Improvements/amendments to IFRS/IAS 2014/2016 cycle

Improvements/amendments to IFRS/IAS issued in 2014/2016 cycle contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments are effective for the Company's annual audited financial statements beginning on or after 1 January 2018 and subsequent periods with earlier adoption permitted. No material changes to accounting policies are expected as a result of these amendments.

Standards, amendments and interpretations effective and adopted in the year 2018-19

The following new standards, amendment to existing standards or interpretations to published standards are mandatory for the first time for the financial year beginning 1 January 2018 and have been adopted in the preparation of the financial statements:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 9	Financial Instruments	1 January 2018



Semac & Partners LLC

Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

3 Adoption of new and revised IFRS

Standards, amendments and interpretations effective and adopted in the year 2018-19 (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 "Construction Contracts", IAS 18 "Revenue" and related Interpretations and applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company has elected to apply the standard to the contracts that are not completed as at 1 January 2018.

The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information has not been restated and continues to be reported under IAS 11, IAS 18 and related Interpretations.

The effect of adopting IFRS 15 as at 1 April 2018 was as follows:

The Company's revenue arises from providing engineering and architecture consultancy services. Under previous IFRS, contract revenue was recognised under the percentage of completion method and when the outcome of a contract can be estimated reliably.

On adoption of IFRS 15, the Company has evaluated the implications and has concluded to recognise the revenue over a period of time using output method. As the Company's existing revenue recognition policy is in line with the requirement of IFRS 15, there is no additional impact of adoption of IFRS 15 on the financial statements.

IFRS 9 Financial Instruments

IFRS 9 introduces new classification and measurement requirements for financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement". Specifically, IFRS 9 requires all financial assets and liabilities to be classified and subsequently measured at either amortised cost or fair value on the basis of the Company's business model for managing the financial assets and liabilities and the contractual cash flow characteristics of the financial assets and liabilities.

Initial measurement of financial instruments

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. On this date, financial assets are classified either at amortised cost or fair value.



Semac & Partners LLC

Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

3 Adoption of new and revised IFRS (continued)

Standards, amendments and interpretations effective and adopted in the year 2018-19 (continued)

IFRS 9 Financial Instruments (continued)

Subsequent measurement of financial assets

IFRS 9 divides all financial assets that were in the scope of IAS 39 into two classifications - those measured at amortised cost and those measured at fair value. Where the Company measures financial assets at fair value, gains and losses are either recognised entirely in profit or loss (fair value through profit or loss - "FVTPL"), or recognised in other comprehensive income (fair value through other comprehensive income - "FVTOCI").

Equity instruments

The Company measures a equity instrument, that meets the following two conditions, at FVTOCI, unless the asset is designated at FVTPL under the fair value option:

- a. Business model test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- b. Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount

All other equity instruments are measured at FVTPL

Debt instruments

The Company measures a debt instrument, that meets the following two conditions, at amortised cost (net of any write-down for impairment), unless the asset is designated at FVTPL under the fair value option:

- a. Business model test: The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).
- b. Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

All other debt instruments are measured at FVTPL.

Classification and measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies debt instruments at amortised cost based on the below:

- the asset is held within a business model with the objective of collecting the contractual cash flows;
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application i.e. 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The Company's financial assets include trade receivables and other financial assets at amortised cost, due from related parties and cash and bank balances. Due to their short-term nature, the carrying values of the financial assets of the Company approximate their fair values, hence these financial assets qualify for and are classified as debt instruments measured at amortised cost.

The Company has not designated any financial liabilities at fair value through other comprehensive income and continues to classify them at amortised cost. Accordingly, there are no changes in the classification and measurement of the Company's financial liabilities.



Semac & Partners LLC

Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

3 Adoption of new and revised IFRS (continued)

Standards, amendments and interpretations effective and adopted in the year 2018-19 (continued)

IFRS 9 Financial Instruments (continued)

In summary, upon the adoption of IFRS 9, the Company has following either the elected or required reclassifications as at 1 April 2018.

	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income
Financial assets			
Trade receivables (gross)	-	725,022	-
Less: provision for ECL	-	(50,680)	-
Trade receivables (net)	-	674,342	-
Other financial assets at amortised cost			
Due from related parties	-	405,733	-
Cash and cash equivalents	-	428,870	-
Total financial assets	-	1,563,805	-
Financial liabilities			
Trade and other payables	-	461,228	-
Total financial liabilities	-	461,228	-

Subsequent measurement of financial liabilities

Financial liabilities not held at FVTPL are subsequently measured at amortised cost using the effective interest rate (EIR) method.

The Company's financial liabilities consists of trade and other payables, whose carrying values approximate their fair values, and hence are measured at amortised cost.

Derecognition of financial assets

The Company determines if the asset under consideration for derecognition is:

- an asset in its entirety; or
- specifically identified cash flows from an asset (or a group of similar financial assets); or
- a fully proportionate (pro-rata) share of the cash flows from an asset (or a group of similar financial assets); or
- a fully proportionate (pro-rata) share of specifically identified cash flows from a financial asset (or a group of similar financial assets).

Once the asset under consideration for derecognition has been determined, the Company performs an assessment as to whether the asset has been transferred and, if so, whether the transfer of that asset is subsequently eligible for derecognition. An asset is transferred if either the Company has transferred the contractual rights to receive the cash flows, or the Company has retained the contractual rights to receive the cash flows from the asset, but has assumed a contractual obligation to pass those cash flows under an arrangement that meets the following three conditions:

Semac & Partners LLC

Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

3 Adoption of new and revised IFRS (continued)

Standards, amendments and interpretations effective and adopted in the year 2018-19 (continued)

IFRS 9 Financial Instruments (continued)

Derecognition of financial assets (continued)

- a. the Company has no obligation to pay amounts to the eventual recipient unless it collects equivalent amounts on the original asset;
- b. the Company is prohibited from either selling or pledging the original asset; and
- c. the Company has an obligation to remit those cash flows without material delay.

Once the Company has determined that the asset has been transferred, it then determines whether or not it has transferred substantially all of the risks and rewards of ownership of the asset. If substantially all the risks and rewards have been transferred, the asset is derecognised. If substantially all the risks and rewards have been retained, derecognition of the asset is precluded.

Impairment

The Company assesses whether there is objective evidence that financial assets carried at amortised cost are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the issuer, default or delinquency by an issuer, indications that an issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of issuers, or economic conditions that correlate with defaults in the Company.

IFRS 9 defines expected credit losses (ECL) as the weighted average of credit losses with the respective risks of a default occurring as the weightings.

At each reporting date, the Company provides for expected losses on all of the following using reasonable and supportable information about past events, current conditions and reasonable and supportable forecasts of future economic conditions when measuring ECL:

- financial assets measured at amortised cost;
- financial assets mandatorily measured at FVTOCI and
- loan commitments when there is a present obligation to extend credit.

The Company measures expected credit losses through a loss allowance at an amount equal to:

- the 12-month ECL (ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime ECL (ECL that result from all possible default events over the life of the financial instrument).

The Company provides for a loss allowance for full lifetime ECL for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition.

For all other financial instruments, ECL is measured at an amount equal to the 12-month ECL.



Semac & Partners LLC

Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

3 Adoption of new and revised IFRS (continued)

Standards, amendments and interpretations effective and adopted in the year 2018-19 (continued)

IFRS 9 Financial Instruments (continued)

Impairment (continued)

The Company determines the amount of ECL by evaluating the range of possible outcomes as well as incorporating the time-value of money. These expected losses are discounted to the reporting date using the EIR of the asset (or an approximation thereof) that was determined at initial recognition.

The Company determines the amount of ECL by evaluating the range of possible outcomes as well as incorporating the time-value of money. These ECL are discounted to the reporting date using the EIR of the asset (or an approximation thereof) that was determined at initial recognition.

Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

	Allowance for impairment under IAS 39 as at 31 March 2018	Remeasure ment	ECL under IFRS 9 as at 1 April 2018
Trade receivables and other financial assets at amortised costs	-	52,749	52,749
Cash and bank balances*	-	-	-
	<u>-</u>	<u>52,749</u>	<u>52,749</u>

*The Company has regular dealings with banks and all the bank accounts are active. Moreover, there are no indicators of any significant increase in credit risk and the probability of default is very low. Therefore, no impairment provision is required to be created on these balances.

Impact of IFRS 15 and IFRS 9 on the financial position and profit or loss of the Company as at 1 April 2018:

Set out below, are the amounts by which each financial statement line item is affected as at, and for the year ended, 31 March 2019, as a result of the adoption of IFRS 15 and IFRS 9. The adoption of IFRS 15 did not have a material impact on either other comprehensive income or the Company's operating, investing and financing cash flows. The first column shows amounts prepared under IFRS 15 and IFRS 9 and the second column shows what the amounts would have been had IFRS 15 and IFRS 9 not been adopted:

Statement of profit or loss for the year ended 31 March 2018	IFRS 15	Previous IFRS	Increase/ (decrease)
Revenue from contracts with customers	1,231,805	1,231,805	-
Total revenue	<u>1,231,805</u>	<u>1,231,805</u>	-

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Semac & Partners LLC

Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

3 Adoption of new and revised IFRS (continued)

Impact of IFRS 15 and 9 on the financial position and profit or loss of the Company as at 1 April 2018 (continued)

Statement of financial position as at 1 April 2018	IFRS 9	Previous IFRS	Increase/ (decrease)
Current assets			
Trade receivables at amortised cost (gross)	725,022	725,022	-
Less: provision for ECL	(103,429)	(50,680)	(52,749)
	<u>621,593</u>	<u>674,342</u>	<u>(52,749)</u>
Other financial assets at amortised cost	54,860	54,860	-
Due from related parties	405,733	405,733	-
Cash and bank balances	428,870	428,870	-
Total current assets	<u>1,511,056</u>	<u>1,563,805</u>	<u>(52,749)</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Retained earnings	707,752	760,501	(52,749)
Total capital and reserves	<u>707,752</u>	<u>760,501</u>	<u>(52,749)</u>
Current liabilities			
Trade and other payables	461,228	461,228	-
Total current liabilities	<u>461,228</u>	<u>461,228</u>	<u>-</u>

Standards, amendments and interpretations issued and effective in the year 2018-19 but not relevant

The following new standards, amendments to existing standards and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2018 or subsequent periods, but are not relevant to the Company's operations:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IFRS 10	Consolidated Financial Statements	1 January 2018
IAS 28	Investments in Associates and Joint Ventures	1 January 2018
IAS 40	Investment Property	1 January 2018
IFRS 2	Share-based Payments	1 January 2018
IFRS 4	Insurance Contracts	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

- (i) The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

Semac & Partners LLC

Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

3 Adoption of new and revised IFRS (continued)

Standards, amendments and interpretations issued and effective in the year 2018-19 but not relevant (continued)

- (ii) The amendments to IAS 40, "Investment Property", clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).
- (iii) The amendments to IFRS 2, "Share Based Payments" clarify the following:
1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.
 2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.
 3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:
 - i) the original liability is derecognised;
 - ii) the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
 - iii) any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions will apply.

- (iv) Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments are not relevant to the Company.
- (v) IFRIC 22, "Foreign Currency Transactions and Advance Consideration", addresses foreign currency transactions or parts of transactions where:
- there is consideration that is denominated or priced in a foreign currency;
 - the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
 - the prepayment asset or deferred income liability is non-monetary.

IFRIC 22 is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted.



Semac & Partners LLC

Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

3 Adoption of new and revised IFRS (continued)

Standards, amendments and interpretations issued but not yet effective in the year 2018-19

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for the year ended 31 March 2019. They have not been adopted in preparing the financial statements for the year ended 31 March 2019 but may affect the Company in the period of initial application. In all cases, the Company intends to apply these standards from the application date as indicated in the table below.

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance Contracts	1 January 2022
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019

- (i) IFRS 16 issued in January 2016 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with lessor accounting substantially unchanged from IAS 17. IFRS 16 is effective from 1 January 2019.
- (ii) IFRS 17, "Insurance Contracts" requires entities to identify portfolios of insurance contracts, which comprises contracts that are subject to similar risks and are managed together. Each portfolio of insurance contracts issued shall be divided into a minimum of three groups:
- a group of contracts that are onerous at initial recognition, if any;
 - a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and
 - a group of the remaining contracts in the portfolio, if any.

An entity is not permitted to include contracts issued more than one year apart in the same group. Furthermore, if a portfolio would fall into different groups only because law or regulation constrains the entity's practical ability to set a different price or level of benefits for policyholders with different characteristics, the entity may include those contracts in the same group.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted if both IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have also been applied.

An entity shall apply the standard retrospectively unless impracticable, in which case entities have the option of using either the modified retrospective approach or the fair value approach.

At the date of initial application of the standard, those entities already applying IFRS 9 may retrospectively re-designate and reclassify financial assets held in respect of activities connected with contracts within the scope of the standard.

- (iii) IFRIC 23, "Uncertainty over Income Tax Treatments", states the following:

Whether tax treatments should be considered collectively

- An entity is required to use judgment to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision should be based on which approach provides better predictions of the resolution of the uncertainty.



Semac & Partners LLC

Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

3 Adoption of new and revised IFRS (continued)

Standards, amendments and interpretations issued but not yet effective in the year 2018-19 (continued)

(iv) Assumptions for taxation authorities' examinations

- An entity is to assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so.
- An entity has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing.

Determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings.

If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

Effect of changes in facts and circumstances

- An entity has to reassess its judgments and estimates if facts and circumstances change.
- IFRIC 23 is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.

The Company is assessing the impact on the operational results of the Company for the year ended 31 March 2019, had the Company early adopted any of the above standards applicable to the Company.

Early adoption of amendments or standards in the year 2018-19

The Company did not early-adopt any new or amended standards in the year ended 31 March 2019.

4 Summary of significant accounting policies

A summary of the significant accounting policies adopted in the preparation of these financial statements is set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

(a) Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Cost includes all costs directly attributable to bringing the asset to working condition for their intended use.

Depreciation is calculated in accordance with the straight-line method to write-off the cost of each asset to its estimated residual value over its useful economic life.

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Semac & Partners LLC

Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

4 Summary of significant accounting policies (continued)

(a) Plant and equipment

Depreciation has been calculated at the following rates:

Description	% per annum
Office equipment	15
Motor vehicles	33.33
Furniture and fixtures	33.33

Gains and losses on disposal of plant and equipment are determined by reference to their carrying amount and are taken into account in determining net profit or loss.

Repairs and renewals are charged to the statement of profit or loss and other comprehensive income when the expenditure is incurred.

(b) Intangible assets

Intangible assets, which represent computer software license fee, are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives which is not expected to exceed 3 years. The carrying amount of the intangible asset is reviewed annually and adjusted for permanent impairment where it is considered necessary.

(c) Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Company determines the classification of its financial assets at initial recognition. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

(i) Classification

The financial assets are classified in the following measurement categories:

- a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- b) those to be measured at amortised cost.

For assets measured at fair value, gains and losses are recorded in the Company's statement of profit and loss or other comprehensive income. For investments in equity instruments, the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit or loss and other comprehensive income as incurred.



Semac & Partners LLC

Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

4 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

Financial assets (continued)

(ii) Measurement (continued)

The Company has classified fair value measurements on a recurring basis using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies debt instruments at amortised cost based on the below:

- a) the asset is held within a business model with the objective of collecting the contractual cash flows; and
- b) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Investment in fixed deposits and bonds are carried at amortised cost.

Equity Instruments

If the Company elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments shall continue to be recognised in the statement of profit or loss and other comprehensive income as other income when the Company's right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss is recognised in other gains/(losses) in the statement of profit or loss and other comprehensive income.

(iii) De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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Semac & Partners LLC

Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

4 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

Financial assets (continued)

(iv) Impairment of financial assets

The Company applies the (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure that are debt instruments and are measured at amortised cost e.g., loans, deposits and trade receivables.

ECL is the probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the Company expects to receive. The ECL considers the amount and timing of payments and hence a credit loss arises even if the Company expects to receive the payment in full but later than when contractually due. The ECL method requires assessing credit risk, default and timing of collection since initial recognition. This requires recognising allowance for ECL in the statement of profit or loss and other comprehensive income even for receivables that are newly originated or acquired.

Impairment of financial assets is measured as either 12 month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. '12 month ECL' represent the ECL resulting from default events that are possible within 12 months after the reporting date. 'Lifetime ECL' represent the ECL that result from all possible default events over the expected life of the financial asset.

Trade receivables are of a short duration, normally less than 12 months and hence the loss allowance measured as lifetime ECL does not differ from that measured as 12 month ECL. The Company uses the practical expedient in IFRS 9 for measuring ECL for trade receivables using a provision matrix based on ageing of the trade receivables.

The Company uses historical loss experience and derived loss rates based on the past twelve months and adjusts the historical loss rates to reflect the information about current conditions and reasonable and supportable forecasts of future economic conditions. The loss rates differ based on the ageing of the amounts that are past due and are generally higher for those with the higher ageing.

(v) Income recognition

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets, interest income is recognised using the EIR, which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial asset is recognised using the original EIR.



Semac & Partners LLC

Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

4 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

Financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. The classification depends on the business model for managing the financial liabilities and the contractual terms of the cash flows.

(i) Classification

The financial liabilities are classified in the following measurement categories:

- a) those to be measured as financial liabilities at fair value through profit or loss; and
- b) those to be measured at amortised cost.

(ii) Measurement

All financial liabilities are recognised initially at fair value. Financial liabilities accounted at amortised cost like borrowings are accounted at the fair value determined based on the EIR after considering the directly attributable transaction costs.

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, and subsequently measured at fair value.

The EIR method calculates the amortised cost of a debt instrument by allocating interest charged over the relevant EIR period. The EIR is the rate that exactly discounts estimated future cash outflows (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. This category generally applies to borrowings, trade payables, etc.

The Company's financial liabilities include trade and other payables. The Company measures financial liabilities at amortised cost.

(iii) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

(d) Trade receivables and other financial assets at amortised cost

Trade receivables and other financial assets originated by the Company are measured at amortised cost. An allowance for expected credit losses of trade receivables at amortised cost is established based on the provision matrix using an expected credit loss model as required by IFRS 9.

(e) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and bank balances.



Semac & Partners LLC

Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

4 Summary of significant accounting policies (continued)

(f) Trade payables

Trade payables are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

(g) Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

(h) Employees' benefits

In respect of Omani employees, contributions are made in accordance with the Oman Social Insurance Law and recognised as an expense in the statement of profit or loss and other comprehensive income as incurred.

For non-Omani employees, accrual is made for amounts payable under the Oman Labour Law, based on the employees' accumulated periods of service at the statement of financial position date. This accrual is classified as a non-current liability.

Employee entitlements to annual leave and leave passage are recognised when they accrue to the employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the statement of financial position date. These accruals are included in current liabilities.

(i) Revenue from contracts with customers

Revenue from contracts with customers are recognised in accordance with IFRS 15 over a period of time using the milestone approach under the output method. The Company provides engineering and architectural consultancy services to the customers. The income represents revenue realised as net amount invoiced for job works completed during the year. Income from consultancy service consists of the original contract value with adjustments or reductions as agreed by the customer.

(j) Dividend distribution

Dividend distribution to the Company's members is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's members.

(k) Other income

Other income is accounted for on the accruals basis, unless collectability is in doubt.

(l) Foreign currencies

Foreign currency transactions are accounted for at the rates of exchange prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation, at the year-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of profit or loss and other comprehensive income. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the end of the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date when the carrying value was determined.

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Semac & Partners LLC

Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

4 Summary of significant accounting policies (continued)

(m) Income tax

Income tax is provided for in accordance with the fiscal regulations of the Sultanate of Oman.

Current tax is the expected tax payable on the taxable income for the period, using tax-rates enacted or substantially enacted at the end of the reporting period.

Deferred taxation is provided using the balance sheet liability method on all temporary differences at the reporting date. It is calculated adopting a tax-rate that is the rate that is expected to apply to the periods when it is anticipated the liabilities will be settled, and which is based on tax-rates (and laws) that have been enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent it is probable that future taxable profit will be available against which the asset can be utilised and is subsequently reduced to the extent that is no longer probable that the related tax benefit will be realised.

(n) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on certain methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(o) Intangible assets

Intangible assets, which represent online ordering software license fee, are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives which is not expected to exceed 5 years. The carrying amount of each intangible asset is reviewed annually and adjusted for permanent impairment where it is considered necessary.

(p) Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

5 Critical accounting estimates and key source of estimation uncertainty

Preparation of financial statements in accordance with IFRS requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The determination of estimates requires judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates.

The most significant areas requiring the use of management estimates and assumptions in these financial statements relate to:



Semac & Partners LLC

Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

5 Critical accounting estimates and key source of estimation uncertainty (continued)

(i) Impairment reviews

IFRS requires management to undertake an annual test for impairment of indefinite life assets and, for finite life assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgment, requiring inter-alia an assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- a) growth in earnings before interest, tax, depreciation and amortisation (EBITDA), calculated as adjusted operating profit before depreciation and amortisation;
- b) timing and quantum of future capital expenditure;
- c) long-term growth rates; and
- d) selection of discount rates to reflect the risks involved.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Company's impairment evaluation and hence results.

(ii) Economic useful lives of plant and equipment

The Company's plant and equipment are depreciated on a straight-line basis over their economic useful lives. The economic useful lives of plant and equipment are reviewed periodically by management. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Company.

(iii) Impairment losses on trade receivables and other financial assets at amortised cost

Trade receivables and other financial assets are stated at their amortised cost as reduced by appropriate provision for ECL for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the trade receivable balances and historical experience adjusted appropriately for the future expectations. Individual trade receivables and other financial assets are written-off when management deems them not to be collectible.

(iv) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

(v) Going concern

The management of the Company reviews the financial position of the Company on a periodical basis and assesses the requirement of any additional funding to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due. In addition, the members of the Company ensure that they provide adequate financial support to fund the requirements of the Company to ensure the going concern status of the Company.

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Semac & Partners LLC

Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

5 Critical accounting estimates and key source of estimation uncertainty (continued)

(vi) Taxation

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of the existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to the assumptions, could necessitate future adjustments to taxable income and expenses already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments of the Company. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible taxation authority.

(viii) Fair value measurements

A number of assets and liabilities included in the Company's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. The classification of an item into the level 1, level 2 and level 3 hierarchy is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.



Semac & Partners LLC

Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

6 Plant and equipment

a) The movement in plant and equipment is as set out below:

2018-19	Motor vehicles	Furniture and fixtures	Office equipment	Total
Cost				
At 31 March 2018	219,851	19,146	51,351	290,348
Additions during the year	5,200	3,230	1,642	10,072
At 31 March 2019	<u>225,051</u>	<u>22,376</u>	<u>52,993</u>	<u>300,420</u>
Accumulated depreciation				
At 31 March 2018	188,747	18,592	41,982	249,321
Charge for the year	20,288	1,223	3,821	25,332
At 31 March 2019	<u>209,035</u>	<u>19,815</u>	<u>45,803</u>	<u>274,653</u>
Net book amount				
At 31 March 2019	<u>16,016</u>	<u>2,561</u>	<u>7,191</u>	<u>25,767</u>
2017-18				
Cost				
At 31 March 2017	219,830	19,146	51,290	290,266
Additions during the year	18,546	-	61	18,607
Disposals during the year	(18,525)	-	-	(18,525)
At 31 March 2018	<u>219,851</u>	<u>19,146</u>	<u>51,351</u>	<u>290,348</u>
Accumulated depreciation				
At 31 March 2017	178,954	17,835	38,356	235,145
Charge for the year	28,318	757	3,626	32,701
Relating to disposals	(18,525)	-	-	(18,525)
At 31 March 2018	<u>188,747</u>	<u>18,592</u>	<u>41,982</u>	<u>249,321</u>
Net book amount				
At 31 March 2018	<u>31,104</u>	<u>554</u>	<u>9,369</u>	<u>41,027</u>

(b) The Company operates from premises leased from third parties at annual rent of RO 42,191 (2017: RO 32,805) per annum.

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Semac & Partners LLC

Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

7 Intangible assets

	Computer software	Total
Cost		
At 31 March 2018 and at 31 March 2019	26,496	26,496
Accumulated amortisation		
At 31 March 2018	26,012	26,012
Charge for the year At 31 March 2019	484	484
	26,496	26,496
Net book amount		
At 31 March 2019	-	-

	Total	Total
Cost		
At 31 March 2017 and at 31 March 2018	26,496	26,496
Accumulated amortisation		
At 31 March 2017	24,045	24,045
Charge for the year At 31 March 2018	1,967	1,967
	26,012	26,012
Net book amount		
At 31 March 2018	484	484

8 Trade receivables and other financial assets at amortised cost

	2019	2018
Trade receivables (gross)	852,233	725,022
Less: provision for ECL	(131,138)	(50,680)
Trade receivables (net)	721,095	674,342
Prepaid expenses	39,591	51,149
Other advances	2,922	3,711
	763,608	729,202

- (a) Trade receivables are generally on 60 to 90 days credit terms.
- (b) The carrying amounts of the Company's trade receivables are denominated in Omani Rials.
- (c) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Company does not hold any collateral as security.
- (d) The Company applies the IFRS 9 simplified approach to measure ECL using a lifetime ECL provision for trade receivables and other financial assets. To measure ECL on a collective basis, trade receivables and other financial assets are grouped based on similar credit risk and aging. The ECL rates are based on the Company's historical credit losses experienced over the one years period prior to the year-end. The historical losses are then adjusted for the current and forward-looking information on macro-economic factors affecting the Company's customers.

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Semac & Partners LLC

Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

8 Trade receivables and other financial assets at amortised cost (continued)

At 31 March 2018, the lifetime ECL provision for trade receivables is as follows:

	Upto 180 days	180 days to 365 days	More than 365 days	Total
Gross carrying amount	519,844	45,851	159,327	725,022
Loss provision	28,870	16,662	57,897	103,429

At 31 March 2019, the lifetime ECL provision for trade receivables is as follows:

	Upto 180 days	180 days to 365 days	More than 365 days	Total
Gross carrying amount	611,532	61,395	179,306	852,233
Loss provision	37,371	23,917	69,850	131,138

The movement in provision for ECL is as follows:

	2019	2018
Opening balance	50,680	54,434
Impact due to the first-time adoption of IFRS 9	52,749	-
Provision as at 1 April 2018	103,429	54,434
Provision for the year	86,213	30,800
Written-off during the year	(58,504)	(34,554)
Closing balance	131,138	50,680

The creation and release of provision for impaired trade receivables have been included in the statement of profit or loss and other comprehensive income. Amounts charged to the provision account are generally written-off, when there are no expectation of recovering additional cash.

9 Related party transactions and balances

The Company, in the ordinary course of business, deals with entities, which fall within the definition of "related parties" as contained in International Accounting Standard Number 24. The terms of these transactions are approved by the management and the management believes that such transactions are at arm's length and are not materially different from those with unrelated parties. The balances due from related parties have been disclosed separately in the statement of financial position.

a) Significant transactions during the year with related parties are as follows:	2019	2018
Interest income	27,023	26,530
b) Balances due from related parties are as follows:	2019	2018
Semac Consultants Dubai	170,645	161,428
Semac Qatar WLL		42,047
Semac Consultants Africa Ltd.	186,249	172,453
Semac Consultants PVT LTD	29,805	29,805
	386,699	405,733

Amounts due from related parties are unsecured, bear interest at rate of 8% per annum, have no fixed repayment terms and arise in the ordinary course of business.

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Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

10 Share capital and proposed increase in share capital

The share capital, as registered with the Ministry of Commerce and Industry, is RO 250,001 (2018: RO 250,001), comprising of 250,001 shares of RO 1 each (2018: 250,001 shares of RO 1 each).

A break down of the shareholding pattern as at 31 March 2019 and 2018 is as follows:

	Percentage shareholding	Amount
Abhishek Dalmia	65	162,501
Musallam Salim Mahad Qatan	35	87,500
	<u>100</u>	<u>250,001</u>

An additional amount of RO 999 was contributed by the shareholders towards the proposed increase in share capital. The increased share capital is in the process of being registered with the Ministry of Commerce and Industry as at 31 March 2019. Accordingly, the amount has been disclosed as proposed increase in share capital as part of members' equity at the end of the reporting period.

11 Legal reserve

In accordance with the provisions of the Commercial Companies Law 1974, as amended, an amount equivalent to 10 % of the Company's net profit before appropriations is required to be transferred to a non-distributable reserve until such time as a minimum of one-third of the share capital is set aside. As at 31 March 2019, as the legal reserve already equates to one-third of the share capital, no amount has been transferred to the legal reserve (2017: RO Nil).

12 Employees' terminal benefits

	2019	2018
Opening balance	48,920	41,761
Add: provision for the year	7,029	7,327
Less: payments during the year	(3,739)	(168)
Closing balance	<u>52,210</u>	<u>48,920</u>
Number of employees	<u>52</u>	<u>53</u>

13 Trade and other payables

	2019	2018
Accrued expenses	128,049	186,636
Dividends payable	50,804	261,040
Provision for income tax	32,734	13,428
Other payables	675	124
	<u>212,262</u>	<u>461,228</u>

Trade payables are generally settled within 60 to 90 days of the suppliers' invoice date.

14 Revenue from contracts with customers

	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from engineering and architectural consulting services	<u>1,518,760</u>	<u>1,231,805</u>

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Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

15 Other income	Year ended 31 March 2019	Year ended 31 March 2018
Tender fees	36,790	14,635
Interest income	27,023	26,530
Profit on sale of plant and equipment	-	3,500
Miscellaneous income	10,458	2,337
	<u>74,271</u>	<u>47,002</u>
16 Salaries and other related staff costs	Year ended 31 March 2019	Year ended 31 March 2018
Staff salaries	855,951	797,717
Other related staff costs	28,375	64,764
	<u>884,326</u>	<u>862,481</u>
17 General and administrative expenses	Year ended 31 March 2019	Year ended 31 March 2018
Professional fees	110,446	59,021
Insurance	82,285	59,954
Rent	42,191	32,805
Vehicle expenses	28,852	24,657
Office expenses	22,503	20,902
Travelling and conveyance	21,675	19,040
Donation	16,728	-
Postage and telephone	13,257	12,130
Government fees	7,736	15,079
Printing and stationery	7,384	6,088
Repairs and maintenance	8,621	1,198
Electricity and water	2,636	2,769
Commission on guarantee	-	6,674
Miscellaneous expenses	89	258
	<u>364,403</u>	<u>260,575</u>
18 Cash and bank balances	2019	2018
For the purposes of the statement of cash flows, cash and bank balances comprise the following:		
Cash on hand	3,383	178
Current account balances with banks	32,870	286,388
	<u>36,253</u>	<u>286,566</u>
Margin money deposits	145,876	142,304
	<u>182,129</u>	<u>428,870</u>

The current account balances with banks are non-interest bearing.

Margin money deposits are pledged against bank guarantees issued by the Company.

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Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

19 Income tax

(a) Provision for income tax has been made as the Company's operations have resulted in a net taxable profit for the year, after giving due consideration to adjustments for potential allowances and disallowances. Income tax assessment is completed up to the year 2014. The management considers that the amount of additional taxes, if any, that may become payable in relation to the tax years for which assessments that are pending would not be material to the Company's financial position as at 31 March 2019.

(b) Income tax expense	Year ended 31 March 2019	Year ended 31 March 2018
Current tax	33,182	13,428
Current tax - for prior years	4,928	3,145
	<u>38,110</u>	<u>16,573</u>
(d) Income tax payable reported in the statement of financial position is as follows:	Year ended 31 March 2019	Year ended 31 March 2018
Opening balance	13,428	26,204
Add : provision for the year	38,110	13,428
Less : payments during the year	(18,804)	(26,204)
Closing balance	<u>32,734</u>	<u>13,428</u>

20 Capital risk management

The capital is managed by the Company in a way that it is able to continue to operate as a going concern while maximising returns to members.

The capital of the Company consists of share capital, retained earnings and reserves. The Company manages its capital by making adjustments in bringing additional capital in light of changes in business conditions.

21 Financial assets and liabilities and risk management

(a) Financial assets and liabilities

Financial assets and liabilities carried on the statement of financial position include cash and bank balances, trade receivables and other financial assets at amortised cost, due from related parties, and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

(b) Risk management

Risk management is carried out by the Finance Department under policies approved by the members. The Finance Department identifies, evaluates and hedges financial risks in close co-operation with the members. The Company provides principals for overall risk management, as well as policies covering specific areas.

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Semac & Partners LLC**Notes to the financial statements for the year ended 31 March 2019****(Expressed in Omani Rial)****21 Financial assets and liabilities and risk management (continued)****(c) Capital management**

The primary objective of the management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise members' value.

The Company manages its capital structure and make adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies and processes during the years ended 31 March 2019 and 2018.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, trade and other payables less cash and bank balances. Capital includes share capital, reserves and retained earnings.

	2019	2018
Trade and other payables	212,262	461,228
Less: cash and bank balances	(182,129)	(428,870)
Net debt	<u>30,133</u>	<u>32,358</u>
	2018	2017
Share capital	250,001	250,001
Proposed increased in share capital	999	999
Legal reserve	83,667	83,667
Retained earnings	759,064	760,501
Total capital	<u>1,093,731</u>	<u>1,095,168</u>
Total capital and net debt	<u>1,123,864</u>	<u>1,127,526</u>
Gearing ratio	<u>3%</u>	<u>3%</u>

In addition, the Company's activities expose it to a variety of financial risks: market risk (including currency rate risk, interest rate risk and price risk), credit risk and liquidity risk.

(d) Market risk**(i) Foreign exchange risk**

Foreign exchange risk is the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The majority of the Company's financial assets and financial liabilities are either denominated in Omani Rial or currencies fixed against the Omani Rial. Hence the management believes that there would not be a material impact on the profitability if these foreign currencies weaken or strengthen against the Omani Rial with all other variables held constant.

Management considers that sensitivity analysis is not necessary due to the Company's limited exposure to foreign exchange risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Company is not exposed to interest rate risk as the Company has not borrowed any funds at commercial interest rates.



Semac & Partners LLC

Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

21 Financial assets and liabilities and risk management (continued)

(d) Market risk (continued)

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company does not have any investments and is, therefore, not exposed to price risk.

(e) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company is potentially exposed to credit risk principally on its trade receivables and cash and bank balances. The bank balances are held with national banks with good credit ratings. The credit risk on trade receivables is subject to credit evaluations and provision is made for estimated irrecoverable amounts. The Company is not exposed to any significant concentration of credit risk due to its large number of customers.

(f) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's management monitors liquidity requirements on a regular basis to help ensure that sufficient funds are available, including unutilised credit facilities with funds, to meet any future commitments. The Company manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecasted and actual cash flows.

Liabilities as at 31 March 2019	Total	Less than 1 year	Between 1 and 5 years
Trade and other payables	212,262	212,262	-
	<u>212,262</u>	<u>212,262</u>	<u>-</u>

Liabilities as at 31 March 2018	Total	Less than 1 year	Between 1 and 5 years
Trade and other payables	461,228	461,228	-
	<u>461,228</u>	<u>461,228</u>	<u>-</u>

22 Fair values of financial instruments

Financial instruments consist of financial assets and liabilities. Financial assets and liabilities carried on the statement of financial position include cash and bank balances, trade receivables and other financial assets at amortised cost, due from related parties and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

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Notes to the financial statements for the year ended 31 March 2019

(Expressed in Omani Rial)

22 Fair values of financial instruments (continued)

The Company measures fair value using the following fair value hierarchy that reflects the significance of the input used in the making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs. This category included instruments valued using quoted market price in the active market using for similar instruments, quoted market for identical or similar instruments in market that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes instruments that are value based on quoted prices of similar instruments where significant unobservables adjustments or assumptions are required to reflect difference between the instruments.

The fair values of the Company's financial assets and liabilities are not materially different from their carrying amounts.

23 Contingent liabilities	2019	2018
Bank guarantees	145,876	142,304
	<u>145,876</u>	<u>142,304</u>

24 Dividends

During the year ended 31 March 2019, the Company has proposed and approved a final dividend amounting to RO 100,804 for the year 2018-19. The Company had paid a final dividend amounting to RO 261,040 for the year ended 31 March 2018.

25 Comparative figures

Certain comparative figures of the previous year have been either regrouped or reclassified, wherever necessary, in order to conform with the presentation adopted in the current year's financial statements. Such reclassification did not affect previously reported net profit or members' equity, except for the effect of adoption of IFRS 9 and 15 which have been adjusted through the opening members' equity. As the corresponding previous year figures are not restated to give this impact, they are not comparable.

26 Subsequent events

There were no events occurring subsequent to 31 March 2019 and before the date of the report that are expected to have a significant impact on these financial statements.

27 Note supporting the statement of cash flows

Transactions from financing activities shown in the reconciliation of liabilities from financing transactions is as follows:

Particulars	1 April 2018	Cash inflows/ (outflows)	Non-cash changes	31 March 2019
Dividends paid	-	(311,040)	-	-

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