Regional Bureau
Chartered Accountants

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ASSOCIATION OF EARLY INTERVENTION FOR CHILDREN WITH DISABILITY
Muscat – Sultanate of Oman

Report and financial statements
for the year ended 31 December 2022

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ASSOCIATION OF EARLY INTERVENTION FOR CHILDREN WITH DISABILITY

Report and financial statements
for the year ended 31 December 2022

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Independent auditor's report
to the Board of Directors
Association of Early Intervention For Children With Disability

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Association of Early Intervention For Children With Disability - Muscat – Sultanate of Oman**, (the Association) which comprise the statement of the financial position as at 31 December 2022, and the statements of income and expenditure, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies set out on pages 7 to 12.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at 31 December 2022, 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 Association in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the financial statements in Sultanate of Oman, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The financial statements of **Association of Early Intervention for Children With Disability** for the year ended 31 December 2021 were audited by another auditor whose report dated 6 March 2022 expressed unqualified opinion on these financial statements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statement in accordance with IFRS, and for such internal control as the management determines is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

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

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.

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 Association'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 Association`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 Association 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 the 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.

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CHARTERED ACCOUNTANTS

Muscat
21 February 2023

ASSOCIATION OF EARLY INTERVENTION FOR CHILDREN WITH DISABILITY

Statement of financial position
as a 31 December 2022
(In Rials Omani)

	Note	2022	2021
ASSETS			
Non-current assets			
Property and equipment	5	1,827,462	1,076,036
Current assets			
Inventories		34,489	-
Bank balances and cash	6	426,594	137,452
Prepayments and other receivables	7	27,331	18,273
Total current assets		488,414	155,725
Total assets		2,315,876	1,231,761
EQUITY AND LIABILITIES			
Net surplus carried forward		1,854,168	668,787
Non - current liabilities			
Provision for staff indemnity	8	16,044	12,021
Deferred government grant	9	300,000	300,000
Total non - current liabilities		316,044	312,021
Current liabilities			
Trade and other payables	10	145,664	250,953
Total liabilities		461,708	562,974
Total equity and liabilities		2,315,876	1,231,761

These financial statements were approved and authorized for issue by the Board of Directors on 21 February 2023 and were signed on their behalf by:

Director

The accompanying notes form an integral part of these financial statements.

ASSOCIATION OF EARLY INTERVENTION FOR CHILDREN WITH DISABILITY

Statement of income and expenditure
for the year ended 31 December 2022
(In Rials Omani)

	Note	2022	2021
Income			
Donation and contributions	11	1,357,962	449,991
Income from activities	12	44,518	51,398
Profit on sale of property and equipment		-	565
Total income		1,402,480	501,954
Expenses			
Direct expenses	13	(10,053)	(8,098)
General and administrative expenses	14	(207,046)	(96,592)
Total expenses		(217,099)	(104,690)
Net surplus for the year		1,185,381	397,264

The accompanying notes form an integral part of these financial statements.

ASSOCIATION OF EARLY INTERVENTION FOR CHILDREN WITH DISABILITY

Statement of changes in equity
for the year ended 31 December 2022
(In Rials Omani)

	Net surplus carried forward
Balance at 1 January 2021	271,523
Net surplus for the year 2021	397,264
Balance at 31 December 2021	668,787
Net surplus for the year 2022	1,185,381
Balance at 31 December 2022	**1,854,168**

The accompanying notes form an integral part of these financial statements.

ASSOCIATION OF EARLY INTERVENTION FOR CHILDREN WITH DISABILITY

Statement of cash flows
for the year ended 31 December 2022
(In Rials Omani)

	2022	2021
Operating activities		
Surplus before extra-ordinary items	**1,185,381**	397,264
Adjustments for:		
Depreciation of property and equipment	**1,744**	-
Profit on sale of property and equipment	**-**	(565)
Net transfer to provision for staff indemnity	**4,023**	(3,369)
Operating surplus before changes in operating assets and liabilities	**1,191,148**	393,330
Changes in working capital :		
Prepayments and other receivables	**(2,174)**	87
Inventories	**(34,489)**	-
Payable to contractor	**(187,511)**	248,576
Other payables	**2,082**	(157)
Net cash from operating activities	**969,056**	641,836
Investing activities		
Addition to building work in progress	**(679,914)**	(562,376)
Proceeds from sale of property and equipment	**-**	3,455
Net cash used in investing activities	**(679,914)**	(558,921)
Financing activities	**-**	-
Net changes in cash and cash equivalents	**289,142**	82,915
Cash and cash equivalents at beginning of the year	**137,452**	54,537
Cash and cash equivalents at the end of the year	**426,594**	137,452

The accompanying notes form an integral part of these financial statements.

ASSOCIATION OF EARLY INTERVENTION FOR CHILDREN WITH DISABILITY

Notes to the financial statements
for the year ended 31 December 2022
(In Rials Omani)

1. Legal status and principal activities

Association of Early Intervention for Children with Disability (the "Association") serves children from birth to 6 years, who are risk or disabled, with a comprehensive early intervention program that covers social, education and therapeutic service; with the objective of having the children enroll in regular schools or minimize their disabilities to ensure a better quality of life for them and their families.

The Association was officially chartered by ministerial order (144/2000) issued on 29 May 2000.

These financial statements are presented in Rials Omani (R.O) since that is the currency of the country in which the Association is domiciled.

2. Application of new and revised International Financial Reporting Standards ("IFRS")

a) New and amended standards adopted by the Company

In the current year, the Association has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2022. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current year but may affect the accounting for the Association's future transactions or arrangements.

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
  An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Association cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.
  The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- Reference to the Conceptual Framework – Amendments to IFRS 3

  The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

  The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

- Property and Equipment: Proceeds before Intended Use – Amendments to IAS 16
  The amendment prohibits entities from deducting from the cost of an item of property and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter.

The amendment permits a subsidiary that elects to apply IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to IFRS1

- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.
- IAS 41 Agriculture – Taxation in fair value measurements
  The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.Other than the above, there are no other material IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2022.

(b) New standards and interpretations not yet adopted

The Association has not early adopted the following new and revised IFRSs that have been issued but are not yet effective:

- Classification of Liabilities as Current or Non-Current - amendments to IAS 1 (effective from 1 January 2023). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture. (Effective date deferred indefinitely.

Adoption is still permitted).

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (effective from 1 January 2023). The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

3. Summary of significant accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS).

Basis of preparation

The financial statements are prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Foreign currencies

Transactions in foreign currencies are transactions to the Association's functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the financial position date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognized in the statement of income and expenditure.

Property and equipment

Property and equipment are stated at cost / valuation less accumulated depreciation and less identified impairment losses, if any.

Depreciation is charged so as to write off the cost of property and equipment, over their estimated useful lives, using the straight line method.The estimated useful livies of property and equipment are as follows:

	Years
Computer equipment	3
Furniture & equipment	3
Vehicles	3

Building work in – progress is stated at cost. When commissioned capital work in – progress is transferred to appropriate property and equipment categorly and decrepitated in accordance with the association's policies.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of income and expenditure.

Inventories

Inventories are measured at the lower of cost or net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less selling expenses.

Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the statement of income and expenditure. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the statement of income and expenditure.

(ii) Non-financial assets

The carrying amounts of the Association`s non-financial assets are reviewed at each financial position date to determine whether there is any indication of impairment. If any such indications exist then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or cash generating unit is higher than its estimated recoverable amount which is greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specified to the asset. Impairment losses recognized in prior periods are assessed at each financial position date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents include cash on hand and bank balances.

Employees benefits

Defined contribution plan

Obligations for contributions to a defined contribution retirement plan, for Omani employees, in accordance with the Oman Social Insurance Scheme, are recognized as an expense in the statement of income and expenditure as incurred.

Provision for end of service benefits for non-Omani employees has been made in accordance with the terms of the Labor Law of the Sultanate of Oman and is based on current remuneration rates and cumulative years of service at the statement of financial position date.

Provisions

A provision is recognized if, as a result of a past event, the Association has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. An environmental provision is recognized when the Association, through environmental assessments, identifies a requirement for environmental remediation as a result of a past event and the associated costs can be reasonably estimated.

Revenue / Contribution

Revenue comprises of mainly donations and contribution from Ministry, Government department , private and individuals which are recognized as and when received.

Income from services are recognized at a pint in time when the performance obligation is satisfied and is based on the amount of the transaction price that is allocated to the performance obligation.

Income Tax

The Association is exempted from income tax.

Determination of fair values

A number of the Association's accounting policies and disclosures require the determination of fair value, for both financial assets and liabilities. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to the asset or liability. The fair value of trade and other receivables and trade and other payables approximates to their carrying amount due to their short term maturity. Share capital is recorded at the proceeds received.

4. Critical accounting judgment and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the resultant provisions and changes in fair value for the year. Such estimates are necessarily based on assumptions about several factors involving varying, and possibly significant, degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated assets and liabilities.

5. Property and equipment

	Land	Furniture & equipment	Computer & equipment	Motor vehicles	Capital Work in progress	Total
Cost						
At 1 January 2022	1	35,117	4,709	1,723	1,076,035	1,117,585
Addition	-	6,006	824	-	746,340	753,170
Disposal	-	-	-	(1,723)	-	(1,723)
At 31 December 2022	1	41,123	5,533	-	1,822,375	1,869,032
Accumulated depreciation						
At 1 January 2022	-	35,117	4,709	1,723	-	41,549
Charge for the year	-	1,538	206	-	-	1,744
Disposal	-	-	-	(1,723)	-	(1,723)
At 31December 2022	-	36,655	4,915	-	-	41,570
Net book value						
At 31December 2022	**1**	**4,468**	**618**	**-**	**1,822,375**	**1,827,462**
At 31December 2021	1	-	-	-	1,076,035	1,076,036

6. Bank balances and cash

	2022	2021
Cash on hand	**169**	150
Bank balances :		
Current accounts	**426,425**	137,302
	426,594	137,452

7. Other receivables

	2022	2021
Staff advance	**16,665**	16,665
Prepaid Insurance	**1,694**	1,608
VAT refundable	**2,088**	-
Advance paid to contractor	**6,884**	-
	27,331	18,273

8. Provision for staff indemnity

The provision for employee's terminal benefits for non-Omani employees is made in accordance with the requirements of Omani Labour Law. This is an unfunded defined benefits retirement plan and movements during the year is as follows.

	2022	2021
Opening balance	**12,021**	15,390
Provision for the year	**4,023**	1,558
Paid during the year	**-**	(4,927)
Balance at 31 December	**16,044**	12,021

9. Deferred Government grand

	2022	2021
Government grand	**300,000**	300,000

The Association was granted a government grant on 16/12/2019 RO. 130,000, on 4/2/2020 RO. 37,164 and on 2/6/2020 RO. 132,836 totaling RO. 300,000 for construction of building. The construction of building is under progress. The Grant will be recognized as deferred income that is recognized in profit or loss on a systematic basis over a useful life of the asset and as a reduced depreciation expenses once building is put to use.

10. Trade and other payable

	2022	2021
Trade payable	**61,065**	248,576
Retention payable	**80,140**	-
Other payables	**4,459**	2,377
	145,664	250,953

11. Donations and contributions

	2022	2021
Donations and Receipts	**1,293,892**	397,410
Donation from government	**61,980**	50,000
Student fees	**2,090**	90
Other income from multi-services	**-**	2,491
	1,357,962	449,991

12. Income from activities

	2022	2021
Sales	**3,425**	-
Donations and Receipts	-	38,244
Income from multi-services	**41,093**	13,154
	44,518	51,398

13. Direct costs

	2022	2021
Direct costs	**4,053**	198
Marketing and advertisement	**6,000**	7,900
	10,053	8,098

14. General and administrative expenses

	2022	2021
Salaries and related costs	187,943	71,414
Depreciation of property and equipment – Note 5	1,744	-
Social security and medical	2,314	4,567
Utilities expenses	2,940	1,557
Communication expenses	4,163	954
Maintenance expenses	542	778
Immigration expenses	400	2,744
Printing expenses	525	649
Material expenses	662	172
Travel expenses	2,833	1,347
VAT expenses	-	2,000
Bank charges	597	205
Miscellaneous expenses	2,383	10,205
	207,046	96,592

15. Financial risk Management

Financial risks comprises of cash, bank balances and payables on the statement of financial position.

Credit risk
The Association is not exposed to credit risk.

Liquidity risk
Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they fall due.

The Association's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Association's reputation. The Association ensures that it has sufficient cash on demand to meet expected operational expenses and sufficient credit facilities to manage its liquidity risk.

The Association maintains banking relationship with local banks of good reputation operating in the Sultanate of Oman.

Market risk
The Association is not exposed to market risk.

16. Comparative amounts

Certain amounts for the prior year have been reclassified to conform to current year presentation.