

Financial Statements and Independent Auditor's Report

Association of Early Intervention for Children with Disability

31 December 2018

# Contents

	Page
Independent Auditor's Report	1
Statement of financial position	4
Statement of income and expenditure	5
Statement of cash flows	6
Notes	7



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## Independent Auditor's Report

To the Chairman of  
Association of Early Intervention for Children with Disability  
P.O. Box 81  
Postal Code 116  
Sultanate of Oman

### Opinion

We have audited the financial statements of Association of Early Intervention for Children with Disability (the Association), which comprise the statement of financial position as at 31 December 2018, the statement of income and expenditure and 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 Association as at 31 December 2018, 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 ethical requirements that are relevant to our audit of the financial statement in Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independent Auditor's Report (continued)

### Responsibilities of Management and Those Charged with Governance for the Financial Statements


The Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the Management determine 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, the Management is responsible for assessing the Association'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 the Management either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

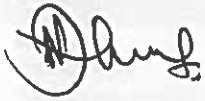
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

- 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 the directors.
  - Conclude on the appropriateness of the 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.
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## Independent Auditor's Report (continued)

We communicate with those charged with governance 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.



Nasser Al Mugheiry  
Licence No. MH/64  
ABU TIMAM  
(Chartered Certified Accountants)




13 March 2019

## Statement of financial position

as at 31 December 2018

	Notes	2018 RO	2017 RO
<b>ASSETS</b>			
Non-current:			
Vehicle and equipment	4	2,551	2,607
<b>Total non-current assets</b>		<b>2,551</b>	<b>2,607</b>
Current:			
Cash and cash equivalents	5	324,578	238,112
Other receivable	6	20,760	13,664
<b>Total current assets</b>		<b>345,338</b>	<b>251,776</b>
<b>Total assets</b>		<b>347,889</b>	<b>254,383</b>
<b>EQUITY</b>			
Reserves:			
Retained earnings	7	334,976	236,830
<b>Total equity</b>		<b>334,976</b>	<b>236,830</b>
<b>LIABILITIES</b>			
Non-Current liabilities:			
Staff terminal benefits	8	9,268	17,553
Current liabilities:			
Other payables		3,645	-
<b>Total current liabilities</b>		<b>3,645</b>	<b>-</b>
<b>Total liabilities</b>		<b>12,913</b>	<b>17,553</b>
<b>Total equity and liabilities</b>		<b>347,889</b>	<b>254,383</b>

The financial statements on pages 4 to 12 were approved by the Chairman on 13 March 2019 and were signed on the Association behalf by:

  
 RAHMA HAMED AL MUSHARRAFI  
 CHAIRMAN

  
 BARKA SALEH SHAHBAL  
 VICE CHAIRMAN



The accompanying notes on pages 7 to 12 form an integral part of these financial statements.

The report of the Auditor is set forth on page 1.

**Statement of income and expenditure***for the year ended 31 December 2018*

	Notes	2018 RO	2017 RO
<b>Income:</b>			
AEICD operating income	9	288,909	322,962
Dar Al Aman operating income	10	408,324	588,652
<b>Total income</b>		<b>697,233</b>	<b>911,614</b>
<b>Expenses:</b>			
AEICD operating expenses	11	(316,038)	(332,843)
Dar Al Aman operating expense	12	(283,049)	(533,499)
<b>Total expenses</b>		<b>(599,087)</b>	<b>(866,342)</b>
<b>Surplus for the year</b>		<b>98,146</b>	<b>45,272</b>

The accompanying notes on pages 7 to 12 form an integral part of these financial statements.

The report of the Auditor is set forth on page 1.

## Statement of cash flows

for the year ended 31 December 2018

	Note	2018 RO	2017 RO
<b>Cash flows from operating activities:</b>			
Surplus before tax		98,146	45,272
Adjustments for:			
Staff terminal benefits - net	8	(8,285)	8,885
Depreciation	4	1,381	6,373
<b>Operating surplus before working capital changes</b>		<b>91,242</b>	<b>60,530</b>
<b>Changes in working capital:</b>			
Other receivable		(7,096)	(13,664)
Other payables		3,645	(190)
<b>Net cash generated from operating activities</b>		<b>87,791</b>	<b>46,676</b>
<b>Cash flows from investing activities:</b>			
Purchase of vehicle and equipment		(1,325)	(3,155)
<b>Net cash used in investing activities</b>		<b>(1,325)</b>	<b>(3,155)</b>
<b>Cash flow from financing activities</b>			
Transfer of Down Syndrome activities income		-	(85,153)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>(85,153)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>86,466</b>	<b>(41,632)</b>
Cash and cash equivalents at the beginning of the year		238,112	279,744
<b>Cash and cash equivalents at the end of the year</b>	5	<b>324,578</b>	<b>238,112</b>

The accompanying notes on pages 7 to 12 form an integral part of these financial statements.

The report of the Auditor is set forth on page 1.



## Notes

(forming part of the financial statements)

### 1 Nature of operations

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

### 2 General information and statement of compliance with IFRS

The Association was officially chartered by ministerial order (144/2000) issued on 20 May 2000.

The financial statements of the Association have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### 3 Summary of accounting policies

#### 3.1 Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

#### 3.2 Presentation of financial statements

The financial statements are presented in accordance with IAS 1 *Presentation of Financial Statements*.

#### 3.3 Donation and receipts from events

Cash donation are recorded as income when received. Donation as materials and services (Donation received in kind), which would otherwise be paid for the Association, are recorded at fair value when provided. Where an estimate of fair value cannot reasonably be made, such Donation are not recorded.

#### 3.4 Operating expenses

Operating expenses are recognised in the statement of income and expenditure upon utilisation of the service or at the date of their origin.

#### 3.5 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at bank which is subject to insignificant risk of changes in value.

#### 3.6 Vehicle and equipment

Vehicle and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Association's management.

Vehicle and equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

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## Notes

*(forming part of the financial statements)*

### 3 Summary of accounting policies (continued)

#### 3.6 Vehicle and equipment (continued)

Depreciation is calculated using straight-line method to write down the cost and valuation less estimated residual value of property, plant and equipment. The periods generally applicable are:

- Computer equipment 3 years
- Furniture and equipment 3 years
- Motor vehicle 3 years

The assets' residual values and useful lives are reviewed and adjusted as, if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Profit or loss on disposals are determined by comparing the proceeds with the carrying amounts and are recognised within 'other income' in the statement of income and expenditure.

#### 3.7 Impairment testing of assets

All assets are subject to impairment testing. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. The management of the Association has reviewed the assets of the Association and is of the opinion that no impairment has occurred to any of the Association's assets.

Individual assets or cash-generating units with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow

**Evaluation.** All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Trade receivables are provided against when objective evidence is received that the Association will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of

Estimated future cash flows. An impairment loss in respect of trade receivables is reversed if the subsequent increase in recoverable amount can be related to an event occurring after the impairment loss was recognised.

#### 3.8 Retained earnings

Retained Earnings include all current and prior period results of Association of Early Intervention for Children with Disability.

#### 3.9 Post-employment benefits and short-term employee benefits

The provision for employees' terminal benefits is based upon the liability accrued in accordance with the terms of employment of the Association's employees at the reporting date, having regard to the requirements of the Oman Labour Law, 2003 and the Social Security Law, 1991.

#### *Government of Oman Social Insurance Scheme (the Scheme)*

The Association contributes to the Scheme for all Omani employees. The Scheme, which is a defined contributions retirement plan, is administered by the Government of Oman. The Association and Omani employees are required to make monthly contributions to the Scheme at 11.5% and 7% respectively, of gross salaries.

## Notes

(forming part of the financial statements)

### 3 Summary of accounting policies (continued)

#### 3.9 Post-employment benefits and short-term employee benefits (continued)

##### *Non-Omani employee terminal benefits*

The provision for end of service benefits for non-Omani employees is made in accordance with the requirements of the Oman Labour Law of 2003. Employees are entitled to end of service benefits calculated at the rate of 15 days basic salary for each of the first three years of continuous service and at a rate of 30 days basic salary for each year of continuous service following the first three years. This is an unfunded defined benefits retirement plan. Accrued non-Omani staff terminal benefits are payable on termination of employment.

#### 3.10 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Association and they can be estimated reliably. Timing or amount of the outflow may still be uncertain.

A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Long term provisions are discounted to their present values, where the time value of money is material.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate of Association's management.

Any reimbursement that the Association can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision

#### 3.11 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant management judgements in applying the accounting policies of the Association that have the most significant effect on the financial statements.

##### **Estimation uncertainty**

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

##### **Useful lives of depreciable assets**

Management reviews the useful lives of depreciable assets at each reporting date. At 31 December 2018, management assesses that the useful lives represent the expected utility of the assets to the Association. The carrying amounts are analysed in Note 4.

## Notes

(forming part of the financial statements)

### 4 Vehicle and equipment

	(Dar Al Aman) Computer equipment RO	Land RO	Computer equipment RO	Furniture and equipment RO	Vehicle RO	Total RO
<b>Cost</b>						
At 1 January 2018	1,195	1	4,323	33,792	1,723	41,034
Additions	-	-	-	1,325	-	1,325
<b>At 31 December 2018</b>	<b>1,195</b>	<b>1</b>	<b>4,323</b>	<b>35,117</b>	<b>1,723</b>	<b>42,359</b>
<b>Depreciation</b>						
At 1 January 2018	120	-	3,642	32,942	1723	38,427
Provided during the year	398	-	252	731	-	1,381
<b>At 31 December 2018</b>	<b>518</b>	<b>-</b>	<b>3,894</b>	<b>33,673</b>	<b>1,723</b>	<b>39,808</b>
<b>Net book value</b>						
At 31 December 2018	677	1	429	1,444	-	2,551

For the comparative year the carrying amounts can be presented as follows:

	(Dar Al Aman) Computer equipment RO	Land RO	Computer equipment RO	Furniture and equipment RO	Vehicle RO	Total RO
<b>Cost</b>						
At 1 January 2017	-	1	3,568	32,587	1,723	37,879
Additions	1,195	-	755	1,205	-	3,155
<b>At 31 December 2017</b>	<b>1,195</b>	<b>1</b>	<b>4,323</b>	<b>33,792</b>	<b>1,723</b>	<b>41,034</b>
<b>Depreciation</b>						
At 1 January 2017	-	-	2,987	27,345	1,722	32,054
Provided during the year	120	-	655	5,597	1	6,373
<b>At 31 December 2017</b>	<b>120</b>	<b>-</b>	<b>3,642</b>	<b>32,942</b>	<b>1,723</b>	<b>38,427</b>
<b>Net book value</b>						
At 31 December 2017	1,075	1	681	850	-	2,607

### 5 Cash and cash equivalents

	31 December 2018 RO	31 December 2017 RO
Cash at bank - AEICD	175,645	184,988
Cash at bank - Dar Al Aman	148,933	53,124
	<b>324,578</b>	<b>238,112</b>

### 6 Other receivable

	31 December 2018 RO	31 December 2017 RO
Staff advance - AEICD	20,760	4,200
Prepaid insurance - Dar Al Aman	-	9,464
	<b>20,760</b>	<b>13,664</b>

## Notes

(forming part of the financial statements)

### 7 Retained earnings

	31 December 2018 RO	31 December 2017 RO
Opening balance	236,830	276,711
Surplus for the year	98,146	45,272
Transfer of Down Syndrome department income	-	(85,153)
<b>Closing balance</b>	<b>334,976</b>	<b>236,830</b>

### 8 Staff terminal benefits

	31 December 2018 RO	31 December 2017 RO
Opening balance	17,553	8,668
Providing during the year	729	8,885
Paid during the year	(9,014)	-
<b>Closing balance</b>	<b>9,268</b>	<b>17,553</b>

### 9 Donations and receipts from events

	31 December 2018 RO	31 December 2017 RO
Donation and receipts from events	172,625	210,849
Donation for association from government	50,000	50,000
Student fee	51,768	39,570
Other Income from multi-services	14,516	22,543
	<b>288,909</b>	<b>322,962</b>

### 10 Dar Al Aman operating income

Dar Al Aman operating income amounting to RO 408,324 pertains to the funds received from Ministry of Social Development, on monthly basis to manage and cover expenses of Dar Al Aman for the period from 1 January 2018 to 31 March 2018.

### 11 AEICD operating expense

	Year ended 31 December 2018 RO	Year ended 31 December 2017 RO
Salaries and related cost	262,741	253,320
Transportation expenses	23,275	28,405
Social security and medical	18,639	29,958
Utilities expenses	2,743	4,091
Communication expenses	1,483	2,268
Maintenance expenses	1,137	709
Immigration expenses	1,110	442
Food expenses	1,012	1,301
Depreciation expense	983	6,253
Printing and stationary expenses	862	980
Material expenses	244	730
Bank charges	188	307
Miscellaneous expenses	1,621	4,079
	<b>316,038</b>	<b>332,843</b>

## Notes

(forming part of the financial statements)

### 12 Dar Al Aman operating expense

	Year ended	Year ended
	31 December	31 December
	2018	2017
	RO	RO
Salaries and related cost	194,232	428,080
Social security and medical	27,653	23,811
Utilities expenses	25,300	8,611
Maintenance expenses	13,241	340
Food expenses	9,329	33,741
Transportation expenses	6,157	5,016
Immigration expenses	5,615	25,621
Depreciation expense	398	120
Material expenses	320	4,923
Printing and stationary expenses	39	308
Miscellaneous expenses	765	2,928
	<b>283,049</b>	<b>533,499</b>

### 13 Tax Income

The Association is not subject to Omani tax nor required to file Oman tax returns.

### 14 Financial instruments risk

#### Risk management objectives and policies

The Association is not exposed to risks in relation to financial instruments. The main types of risks, credit risk and liquidity risk.

The Association does not actively engage in the trading of financial assets for speculative purposes nor does

#### 14.1 Credit risk analysis

Credit risk is the risk that counterparty fails to discharge an obligation and cause the Association to incur a financial loss.

The Association's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date.

#### 14.2 Liquidity risk analysis

Liquidity risk also referred to as funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Liquidity requirements are monitored on a regular basis and the management ensures that sufficient funds are available to meet any future commitments.

### 15 Comparative figures

Certain comparative figures have been reclassified to conform with the current year's financial statements presentation. Such reclassification does not affect previously reported retained earnings, net equity.