



**POWER MECH PROJECTS LIMITED LLC**  
SULTANATE OF OMAN  
FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31<sup>st</sup> MARCH 2021

## **CONTENTS**

**PAGE NO:**

<b>1. AUDITOR'S REPORT</b>	<b>1</b>
<b>2. STATEMENT OF FINANCIAL POSITION</b>	<b>2</b>
<b>3. STATEMENT OF COMPREHENSIVE INCOME</b>	<b>3</b>
<b>4. STATEMENT OF CASH FLOW</b>	<b>4</b>
<b>5. STATEMENT OF CHANGES TO EQUITY</b>	<b>5</b>
<b>6. NOTES TO FINANCIAL STATEMENTS</b>	<b>6 - 16</b>



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POWER MECH PROJECTS LIMITED LLC

### Report On The Audit Of The Financial Statements

#### Opinion

We have audited the financial statements of **POWER MECH PROJECTS LIMITED LLC**, set out on pages 2 to 16, which comprise the Statement of Financial Position as at 31<sup>st</sup> March 2021, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the financial period then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of **POWER MECH PROJECTS LIMITED LLC**, as at 31<sup>st</sup> March 2021, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS)

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 it is not a guarantee that an audit conducted in accordance with the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### The Consultant for Auditing & Accounting Services

Date: 09/06/2022

Signature

Page 1



# POWER MECH PROJECTS LIMITED LLC

## Sultanate of Oman Statement of Financial Position As On 31st March 2021

<u>Assets</u>	Notes	2021 R.O	2020 R.O
<b><u>Non Current Assets</u></b>			
Fixed Assets	3	23,752	84,836
Work in Progress		147,877	-
<b><u>Current Assets</u></b>			
Inventories		252	350
Cash and Cash Equivalents	4	2,506	11,475
Retentions Receivables		15,895	873,719
Due from Related parties		-	160,066
Trade & Other Receivables	5	302,369	612,019
Prepayments, Loans & Advances	6	123,922	9,785
<b>Total Assets</b>		<b>616,573</b>	<b>1,752,250</b>
<b><u>Equity and Liabilities</u></b>			
<b><u>Equity</u></b>			
Capital		250,000	250,000
Legal Reserve		83,333	83,333
Accumulated Profit/(Loss)		251,178	749,075
Partners Current Account		(259,999)	372,798
<b>Total Equity</b>		<b>324,512</b>	<b>1,455,206</b>
<b><u>Non Current Liabilities</u></b>			
End of Service Benefits	8	4,910	4,910
<b><u>Current Liabilities</u></b>			
Bank overdraft		-	66
Trade Payables		206,811	144,462
Accruals & other payables	7	80,340	147,606
<b>Total Equity and Liabilities</b>		<b>616,573</b>	<b>1,752,250</b>

The notes on pages 6 to 16 form integral part of these financial statements



**POWER MECH PROJECTS LIMITED LLC**  
**Sultanate of Oman**  
**Statement of Comprehensive Income**

For the year ending 31st March 2021

		2021	2020
	Notes	R.O	R.O
Revenue		330,725	500,405
Cost of Sales	9	(710,855)	(549,537)
<b>Gross Profit/(Loss)</b>		<b>(380,130)</b>	<b>(49,132)</b>
Other income		4,614	141,768
General & Administrative Expenses	10	(100,869)	(77,393)
Depreciation	3	(21,512)	(81,285)
Finance Cost		-	-
<b>Profit / (Loss) From Operations</b>		<b>(497,897)</b>	<b>(66,042)</b>
Income Tax	12	-	(1,798)
<b>Transferred to Accumulated Profits/(Loss)</b>		<b>(497,897)</b>	<b>(67,840)</b>

The notes on pages 6 to 16 form integral part of these financial statements

# POWER MECH PROJECTS LIMITED LLC

## Sultanate of Oman Statement of Cash flow

For the year ended 31st March 2021  
(expressed in Omani Rial)

	2021	2020
	R.O	R.O
<b>Cash flow from operating activities</b>		
Net profit before tax	(497,897)	(66,042)
Adjustments for		
Depreciation	21,512	81,285
Profit on Disposal	(5,165)	(4,903)
Finance cost	-	-
Gratuity	-	(54,396)
<b>Operating profit before working capital changes</b>	<b>(481,550)</b>	<b>(44,056)</b>
(increase)/decrease in Trade & Other Receivables	309,650	(363,404)
(increase)/decrease in inventories	98	13,395
(increase)/decrease in Contract Assets	743,687	581,338
increase/(decrease) in trade & other payables	62,349	10,444
increase/(decrease) in Due from Related parties	160,066	
increase/(decrease) in Accruals & other payables	(67,266)	
Finance cost Paid		
Gratuity Paid	-	
Tax Paid	-	(1,798)
<b>Net cash flow/(used) in operating activities</b>	<b>727,034</b>	<b>195,919</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant, equipment	(170)	(3,630)
Purchase of Work in Progress	(147,877)	
Disposal Proceeds	44,907	14,086
<b>Net cash flow/(used) in investing activities</b>	<b>(103,140)</b>	<b>10,456</b>
<b>Cash flow from financing activities</b>		
Dividends Paid	-	-
Movement in Partner's current A/c	(632,797)	(210,131)
Increase/(Decrease) in bank overdraft	(66)	66
<b>Net cash flow/(used) in financing activities</b>	<b>(632,863)</b>	<b>(210,065)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(8,969)</b>	<b>(3,690)</b>
Cash and cash equivalents at beginning of period	11,475	15,165
<b>Cash and cash equivalents at end of period</b>	<b>2,506</b>	<b>11,475</b>

The notes on pages 6 to 16 form integral part of these financial statements

**POWER MECH PROJECTS LIMITED LLC**

**Sultanate of Oman**

**Statement Of Changes To Equity**

<b>Year ending 31st March 2021</b>	<b>Share Capital R.O</b>	<b>Legal Reserve</b>	<b>Accumulated Profit/ (loss)</b>	<b>Partner's Current Account</b>	<b>Total</b>
Balance as on 1st April 2020	250,000	83,333	749,075	372,798	1,455,206
Profit / (Loss) for the year	-	-	(497,897)	-	(497,897)
Transfer to Legal Reserve	-	-	-	-	-
Depreciation on Revalued Assets	-	-	-	-	-
Movement During the Year	-	-	-	(632,797)	(632,797)
<b>Balance as on 31st March 2021</b>	<b>250,000</b>	<b>83,333</b>	<b>251,178</b>	<b>(259,999)</b>	<b>324,512</b>

<b>Period ending 31st March 2019</b>	<b>Share Capital R.O</b>	<b>Legal Reserve</b>	<b>Accumulated Profit/ (loss)</b>	<b>Partner's Current Account</b>	<b>Total</b>
Balance as on 1st April 2018	250,000	83,333	816,915	582,929	1,733,177
Profit / (Loss) for the year	-	-	(67,840)	-	(67,840)
Transfer to Legal Reserve	-	-	-	-	-
Depreciation on Revalued Assets	-	-	-	-	-
Movement During the Year	-	-	-	(210,131)	(210,131)
<b>Balance as on 31st march 2019</b>	<b>250,000</b>	<b>83,333</b>	<b>749,075</b>	<b>372,798</b>	<b>1,455,206</b>

The notes on pages 6 to 16 form integral part of these financial statements





**POWER MECH PROJECTS LIMITED LLC**  
**Sultanate of Oman**

**NOTES TO FINANCIAL STATEMENTS**

**1. Legal Status and Principal Activities**

**POWER MECH PROJECTS LIMITED LLC** is a limited liability company (subject to foreign investment rules) registered as per the Commercial Law of the Sultanate of Oman under C R. NO: 1253331. The main business activities of the concern is extraction of petroleum and natural gas (excluding surveying), construction and repair of power, transformer, telecommunication and radar plants & construction of water, electricity and telephone networks and station.

**2. Significant accounting policies**

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the Commercial Companies Law 1974, as amended.

**A) Going concern**

The financial statement has been prepared on a going concern basis. The Covid-19 Effect has been noticed mainly on revenue dropping drastically as the company operates in the Auto repair sector. This loss will not cast uncertainty to going concern.

**B) The policies consistently applied in preparation of accompanying financial statements are as follows:**

**a) Accounting Convention**

These financial statements have been prepared on the historic costs basis as specifically mentioned in the respective policies

**b) Fixed assets** are stated at cost less accumulated depreciation. Depreciation is calculated using straight line method at following rates:

Plant & Machinery	20%
Office Equipment & Camps	20%
Furniture & Fixture	20%
Motor Vehicles	20%
Computer Equipment	25%
Temporary Sheds	33.33%
Cranes	20%

**c) Provisions:**

Provisions are recognized when the firm has a present, legal or constructive obligation of past event, it is probably an outflow of resource embodying economics benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Future Operating losses are not provided for.

**d) Critical Accounting Judgements And Key Sources Of Estimation Uncertainty**

In the application of the firm's accounting policies, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates & underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates



**POWER MECH PROJECTS LIMITED LLC**  
Sultanate of Oman

**NOTES TO FINANCIAL STATEMENTS**

**d) Critical Accounting Judgements And Key Sources Of Estimation Uncertainty (Continued)**

are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of the revision and the future periods if the revision effects both current and future periods.

**e) Cash and cash equivalents:**

Cash and cash equivalents comprise cash in hand, cash a bank and demand deposits, together with other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**f) Impairment**

The company assesses at each end of the reporting period whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of comprehensive income. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where impairment loss for other assets subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income.

**g) Foreign currencies**

Transactions denominated in foreign currencies are converted to Rials Omani at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at Balance sheet date are converted to Rials Omani at exchange rate ruling at that date. Foreign exchange difference arising on conversion are recognized in profit and loss a/c.

**h) Risk**

The company's activities expose it to a variety of financial risks: Credit risk, liquidity risk and market risk (including currency risk, fair value interest risk, cash flow interest risk and price risk) The company's senior management oversees the management of these risks. The company's senior management ensures that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and agrees policies for managing each of these risks.

**1) Credit risk management**

Credit risk is the risk of loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The company is exposed to credit risk from its operating activities (primarily for trade receivables), including deposits with banks.

**1.1) Credit risk related to receivables**

The company manages credit risk in trade receivables by limiting significant exposure to any individual customer and by obtaining written commitments from customers.

**1.2) Credit risk related to financial instrument and cash deposits**

The credit risk on liquid funds and derivative financial instruments is limited because the counter parties are banks with high credit ratings assigned by international credit rating agencies.



**POWER MECH PROJECTS LIMITED LLC**  
Sultanate of Oman

**NOTES TO FINANCIAL STATEMENTS**

**1) Credit risk management (Continued)**

**2) Liquidity risk management**

Liquidity risk reflects the company's inability in raising funds to meet commitments. Management closely monitors the company's liquidity and cash flow position.

**3) Market risk management**

Market risk is the risk that changes in the market prices, such as foreign rates, interest's rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market exposures within acceptable parameters, while optimizing the return on risks.

**4) Interest rate risk management**

Equity price risk arises as a result of Company's investment in listed and unlisted equity securities which are susceptible to market price risk from uncertainties about future values of the investment securities. The company does not have any investment in listed and unlisted securities at the end of the reporting period; accordingly, the company is not exposed to any equity risks.

**i) Staff benefits:**

The provision for the employee's terminal benefits is based upon the liability accrued in accordance with the terms of employment of the Company's employees at the balance sheet date, having regard to the requirements of the Oman labour law 1973 and the Social Security Law 1991.

**j) The Financial statements are presented in Rials Omani**, which is the Company's functional and presentation currency. Figures are rounded off to nearest Rials Omani.

**k) Standards, amendments and interpretations to existing IFRS that are effective**

IFRS 5: Change in the method of disposal from 'held for sale' to 'held for distribution' to be treated as continuation of the original plan.

IFRS 7: Clarifies 'servicing contracts' create continuing involvement of the transferred financial asset if the service fee is contingent upon the timing and amount of cashflows.

IFRS 10: Consolidated financial statements and IAS 28, Investments in Associates and Joint Ventures (amendments): Specifies the accounting treatment for gain or loss arising on sale or contribution of assets between investor and joint ventures based on whether or not the sales contribution results in a business

IFRS 11 (amendments), Joint arrangements: Provides guidance of the accounting for acquisitions of Interests in Joint operations in which the activity constitutes a business

IFRS 14, Regulatory Deferral Accounts: Permits first time adopters of IFRS to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adapt IFRS

IAS 16, Property, Plant and Equipment and IAS 38 Intangible Assets (amendments): Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate, for property, plant and equipment and introduces a rebuttal presumption that an amortisation method that is based on the revenue generated by an activity, that includes the use of an intangible asset, is inappropriate.



**POWER MECH PROJECTS LIMITED LLC**  
**Sultanate of Oman**

**NOTES TO FINANCIAL STATEMENTS**

***k) Standards, amendments and interpretations to existing IFRS that are effective (Continued)***

IAS 19: Discount rate under actuarial assumptions for employee benefits to be based at currency level and not at country level.

IAS 27 (amendments), Separate Financial Statements: Permits the use of equity method for investments in subsidiaries, associates and joint ventures when an entity prepares its separate financial statements

IAS 34: A reference to elsewhere in the interim financial report disclosure includes cross referencing to information in any statement which is available at the same time the interim financial report is made available.

IFRS 9 (amendments), Financial Instruments: Regarding general hedge accounting, measurement and classification

IFRS 9 requires recognition of the impairment of financial assets in the amount of expected credit loss. there are two approaches for doing so:

1. General approach:

In general approach, there are 3 stages of a financial asset and impairment loss is recognized depending on the stage of a financial asset in question. Thus, the impairment loss is either in the amount of a 12-month expected credit loss (ECL) or a lifetime expected credit loss (ECL).

2. Simplified approach

In simplified approach, the stage of a financial asset does not have to be determined because the impairment loss is measured at lifetime ECL for all assets.

Simplified approach has to be applied for:

Trade receivables without significant financing component, and

Contract assets under IFRS 15 without significant financing component

IFRS 15, Revenue from Contracts with Customers: Provides a single, principles based five step model to be applied to all contracts with customers. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue related interpretations

IFRS 15 sets the principles for reporting the information about the revenues about the nature, amount, timing and uncertainties. It describes the five-step model for revenue recognition:

1. Identify the contract with the customer;
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contracts
5. Recognise revenue when (or as) the entity satisfies a performance obligation

IFRS 15 provides guidance on two types of costs related to the contract:

a) Costs to obtain a contract:

These are the incremental costs to obtain a contract. These costs are not expensed in profit or loss, but instead, they are recognized as an asset if they are expected to be recovered (the exception is the contract costs related to the contracts for less than 12 months).

b) Costs to fulfill a contract:

The costs which are within the scope of IAS 2, IAS 16, IAS 38, should be treated in line with the



# POWER MECH PROJECTS LIMITED LLC

Sultanate of Oman

## NOTES TO FINANCIAL STATEMENTS

### ***k) Standards, amendments and interpretations to existing IFRS that are effective (Continued)***

appropriate standard. If not, then they should be capitalized only if certain criteria are met.

IFRS 15 permits 2 methods of adoption:

#### 1. Full retrospective adoption:

Under this approach, IFRS 15 is to be applied fully to all prior reporting periods, with some exceptions.

#### 2. Modified retrospective adoption:

Under this approach, comparative figures remain as they were reported under the previous standards and the cumulative effect of IFRS 15 adoption is recognized as as a one-off adjustment to the opening equity at the initial application date.

There are some exclusions from IFRS 15, namely:

-Leases (IAS 17 or IFRS 16)

-Financial instruments and other rights and obligations within the scope of IFRS 9 (IAS 39), IFRS 10, IFRS 11, IAS 27, IAS 28; Insurance contracts (IFRS 4) and non-monetary exchanges between entities within the same business to facilitate sales.

IFRS 15 also prescribes some presentation rules, necessary disclosures and provides further guidance in the specific circumstances in the implementation guidance.

### ***l) Standards, amendments and interpretations to existing IFRS***

IFRS 16: Leases - It sets the principles for accounting for leases, by both lessors and lessees. It provides guidance related to identification of a lease in a contract and separating individual components of a contract. Lessees account for all the leases in the same way.

At the inception of the lease, they recognize:

- The right-of-use asset
- The lease liability.

IFRS 16 then specifies how to measure both elements initially and subsequently, how to account for re-measurements, variable lease payments, etc.

There are two exceptions for lessees:

1. Short-term leases (lease term max.12 months)
2. Underlying asset is has a low value when new

Lessees may account for lease payments as an expense in profit or loss. Lessors need to classify the lease as either operating or finance. The accounting treatment depends on the type of the lease:

- Finance lease: Lessor initially recognizes the receivable equal to net investment in the lease. Subsequently finance income is recognized in profit or loss.
- Operating lease: Lessor recognizes the lease payments received as income in profit or loss.

IFRS 16 deals specifically with sale and leaseback transactions and disclosures.

### ***Amendment to IFRS 16 Covid-19-Related Rent Concessions***

Amendment to IFRS 16 Covid-19-Related Rent Concessions that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election



**POWER MECH PROJECTS LIMITED LLC**  
Sultanate of Oman

**NOTES TO FINANCIAL STATEMENTS**

***l) Standards, amendments and interpretations to existing IFRS (Continued)***

shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- and
- c) There is no substantive change to other terms and conditions of the lease.

IFRS 9: Financial Instruments - This amendment relates to the classification of certain financial assets, namely those with specific prepayment options. The recent amendment of IFRS 9 introduced the narrow-scope exception to the classification rules under which similar financial assets can be measured at amortized cost or at fair value through other comprehensive income. Besides changes related to classification of financial assets with prepayment options, this amendment also clarified accounting for modification of the financial liabilities

IAS 23: Borrowing Costs - If any specific borrowing remains outstanding after the related asset is ready, then this borrowing becomes a part of general borrowings. To calculate the capitalization rate on general borrowings, the specific borrowing on completed asset has to be taken into account (if outstanding).

IAS 40: Investment Property - The amendment clarified transfers of a property to or from investment property. Such a transfer is possible only when there is evidence of change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. However, a change in management's intentions for the use of a property is NOT an evidence of change in use.

***l) Standards, amendments and interpretations to existing IFRS that are effective from 2022***  
***Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use***

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.



# POWER MECH PROJECTS LIMITED LLC

Sultanate of Oman

## NOTES TO FINANCIAL STATEMENTS

### *1) Standards, amendments and interpretations to existing IFRS that are effective from 2022 (Continued)*

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

#### **Amendments to IFRS 9 Financial Instruments**

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

#### **Amendments to IAS 37 amendments regarding onerous contracts**

Amendments to IAS 37-Onerous Contracts-Cost of Fulfilling a Contract The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.

Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

#### **Annual Improvements to IFRS Standards 2018–2020**

##### **IFRS 1 First-time Adoption of International Financial Reporting Standards**

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1 can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1.

##### **IAS 41 Agriculture**

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value.

### *1) Standards, amendments and interpretations to existing IFRS that are effective from 2023*

#### **IFRS 17 Insurance Contracts**

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.



# POWER MECH PROJECTS LIMITED LLC

Sultanate of Oman

## NOTES TO FINANCIAL STATEMENTS

*1) Standards, amendments and interpretations to existing IFRS that are effective from 2023*

*(Continued)*

### **IAS 12 amendments on deferred tax**

Deferred Tax related to Assets and Liabilities arising from a Single Transaction that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

### **IAS 1 amendments on classification**

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022, however, their effective date has been delayed to 1 January 2023.

### **Amendments to IAS 1 – Classification of Liabilities as Current or Non-current**

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

### **Effective date of amendments on disclosure of accounting policies**

Disclosure of Accounting Policies with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements.

### **Effective date of IAS 8 amendments on accounting estimates**

Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates.

**POWER MECH PROJECTS LIMITED LLC**  
**Sultanate of Oman**

**3. Fixed Assets**

Cost	Plant & Machinery	Office Equipment & Camps	Furniture & Fittings	Motor Vehicles	Computer Equipment	Temporary Sheds	Total
Balance as on 1st April 2020	31,847	55,212	7,957	63,400	2,934	268,344	429,694
Additions			-		170		170
Disposal	(10,428)	(54,653)	(7,957)		(35)	(268,344)	(341,417)
Cost on 31st March 2021	<b>21,419</b>	<b>559</b>	<b>-</b>	<b>63,400</b>	<b>3,069</b>	<b>-</b>	<b>88,447</b>
<b>Depreciation:</b>							
As on 1st April 2020	14,024	31,268	5,589	37,061	1,989	254,927	344,858
Charges this year	4,721	3,815	247	12,046	683		21,512
Disposal	(6,165)	(34,714)	(5,836)		(33)	(254,927)	(301,675)
As on 31st March 2021	<b>12,580</b>	<b>369</b>	<b>-</b>	<b>49,107</b>	<b>2,639</b>	<b>-</b>	<b>64,695</b>
<b>NBV On 31st March 2021</b>	<b>8,839</b>	<b>190</b>	<b>-</b>	<b>14,293</b>	<b>430</b>	<b>-</b>	<b>23,752</b>
<b>NBV On 31st March 2020</b>	<b>17,823</b>	<b>23,944</b>	<b>2,368</b>	<b>26,339</b>	<b>945</b>	<b>13,417</b>	<b>84,836</b>

Depreciation is charged in proportion to period of ownership of asset during the year

**4. Cash and cash equivalents**

	2021 R.O	2020 R.O
Cash in hand	269	1,374
Cash at Bank	2,237	10,101
	<u>2,506</u>	<u>11,475</u>

**5. Trade & Other Receivables**

Trade Receivables	302,369	612,019
	<u>302,369</u>	<u>612,019</u>

**6. Prepayments, Loans & Advances**

Prepayments	-	3,000
Advances	123,922	6,785
	<u>123,922</u>	<u>9,785</u>

**7. Accruals & Other payables**

Accruals	75,290	66,356
Other Payables	5,050	12,855
Advances	-	68,395
	<u>80,340</u>	<u>147,606</u>

**POWER MECH PROJECTS LIMITED LLC**  
**Sultanate of Oman**

	<b>2021</b>	<b>2020</b>
	<b>R.O</b>	<b>R.O</b>
<b><u>8. End of Service Benefits</u></b>		
At 1st Apr	4,910	59,306
Payments during the year	-	(54,396)
<b>At 31st Mar</b>	<b>4,910</b>	<b>4,910</b>
 <b><u>9. Cost Of Sales</u></b>		
Opening Stock	350	13,745
Purchases	369,300	272,233
Direct Expenses	341,457	263,909
Closing stock	(252)	(350)
	<b>710,855</b>	<b>549,537</b>
 <b><u>10. General and Administrative Expenses</u></b>		
Salaries, other allowances and benefits	33,460	1,431
Rent	11,670	10,520
Government fees, registration, renewals	3,238	41,661
Social Insurance	18,599	-
Utilities	3,630	2,306
Vehicle related expenses	3,113	
Office expenses	6,395	5,217
Printing & Stationery	403	1,247
Travel expenses	2,837	3,658
Legal Expenses	524	-
Miscellaneous Expenses	17,000	11,353
	<b>100,869</b>	<b>77,393</b>



**POWER MECH PROJECTS LIMITED LLC**  
**Sultanate of Oman**

**2021**                      **2020**  
**R.O**                              **R.O**

**11. Member's Holding**

Sr.No	Name of Member	2021	2020
1.	Power Mech Projects Ltd (India)	175,000	175,000
2.	Mohamed Hamood Amur Al Habsi	75,000	75,000
		<b>250,000</b>	<b>250,000</b>

**Holding %**

	2021	2020
1. Power Mech Projects Ltd (India)	70%	70%
2. Mohamed Hamood Amur Al Habsi	30%	30%
	<b>100%</b>	<b>100%</b>

**12. Income Tax**

Income Tax for the Year	-	-
Transferred from Deferred Tax	-	-
Provision of Income Tax for The Year	-	-