1. General

Muscat Finance SAOG (the Company) is an Omani Joint Stock Company established on 11 October 1987 and registered in the Sultanate of Oman. The Company is involved in the activity of instalment financing and leasing of vehicles and other assets, debt factoring, working capital and receivable financing activities. The Company derives all of its income from leasing, factoring and working capital funding within the Sultanate of Oman. The Company's shares are listed in the Muscat Securities Market.

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

2.1 New and revised IFRSs applied with material effect on the financial statements

Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in these financial statements.

The Company applied IFRS 16 with a date of initial application of 1 January 2019. As a result, the Company has changed its accounting policy for lease contracts as detailed below.

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. The details of the changes in accounting policies are disclosed in Note 3.

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of a lease. On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. The Company has also applied the recognition exemptions for short terms leases where the intention to extent the lease for longer tenor cannot be established and leases for which underlying value is of low value. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly the entire risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

Leases previously classified as operating leases

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Company applied this approach to its largest property leases; or

- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Company applied this approach to all other leases.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.
- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On transition to IFRS 16, the Company recognised an additional RO 0.191 Mill of right-of-use assets and RO 0.171 Mill of lease liabilities. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 7%.

2.2 New and revised IFRS in issue but not yet effective and not early adopted

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to References to the Conceptual Framework in IFRS Standards - amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework	1 January 2020
Amendment to IFRS 3 *Business Combinations* relating to definition of a business	1 January 2020
Amendments to IAS 1 and IAS 8 relating to definition of material	1 January 2020
IFRS 17 *Insurance Contracts*	1 January 2021
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 and investor to its associate or joint venture.	Effective date deferre indefinitely. Adoption is stil permitted.

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the year presented, unless otherwise stated.

Statement of compliance

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

Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and except for derivative instruments which are stated at fair value. The statement of financial position is presented in descending order of liquidity, as this presentation is more appropriate for the Company's operations.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Management has used its judgment and made estimates in determining the amounts recognised in the financial statements. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed under note 4.

3. Summary of significant accounting policies (continued)

Vehicles and equipment

Items of vehicles and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of vehicles and equipment. All other expenditure is recognised in profit or loss as an expense as incurred. Depreciation assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives as follows:

	Years
Motor vehicles	4
Furniture, fixtures and office equipment	4 - 5
Information technology assets	3
Right of use Asset	3 - 5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal of vehicles and equipment are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss.

Capital work-in-progress is stated at cost. When commissioned, capital work-in-progress is transferred to appropriate asset category and depreciated in accordance with the Company's policies.

Accounting policies for financial instruments as per IFRS 9

The accounting policies as per IFRS 9 applicable on or after 1 January 2018 to the current year figures of financial instruments is disclosed below.

Financial assets

On initial recognition, a financial asset is classified as measured: at Amortised cost, Fair Value Through Other Comprehensive Income (FVTOCI) or Fair Value Through Profit and Loss (FVTPL). A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 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 outstanding.

3. Summary of significant accounting policies (continued)

Financial assets (continued)

A debt instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 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 outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

In both the current period and prior period, financial liabilities are classified as other financial liabilities and subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: the classification is applied to derivatives and other financial liabilities designated as such at initial recognition. Gains and losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in fair value of the financial liability that is attributable to the changes in credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially in profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains or losses attributable to changes in the credit risk of the liability are also presented in the profit or loss;
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition or when the continuing involvement approach applies. When the transfer of financial assets did not qualify for derecognition, a financial liability is recognised for the consideration received for the transfer; and
- Financial guarantee contracts and loan commitments.

Derecognition of financial liabilities

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

3. Summary of significant accounting policies (continued)

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- the frequency, volume and timing of financing in prior periods, the reasons for such financing and its expectations about future financing activity. However, information about financing activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

3. Summary of significant accounting policies (continued)

Assessment whether contractual cash flows are solely payments of principal and interest (continued)

In making the assessment, the Company considers:
- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money - e.g. periodical reset of interest rate.

Reclassifications

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets. During the current period and previous accounting period, there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

Derecognition

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as FVTOCI is not recognised in profit or loss account on derecognition of such securities.

Measurement of financial assets and financial liabilities

Investment securities

The investment securities are measured at:

- Quoted debt instruments measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- Equity investment securities measured at FVTPL or designated as at FVTPL; these are at fair value with changes recognised immediately in profit or loss; and
- Equity securities designated as at FVTOCI.

3. Summary of significant accounting policies (continued)

Measurement of financial assets and financial liabilities (continued)

Investment securities (continued)

The Company elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

Financial liabilities

All financial liabilities are measured at amortised cost unless designated at FVTPL.

Impairment

Measurement of ECL

The Company recognises loss allowances for expected credit losses (ECLs) on the following financial instruments that are not measured at FVTPL:

- Deposits and balances and due from banks;
- Debt investment securities carried at amortised cost;
- Net investment in finance debtors to customers;
- Customer acceptances and other financial assets;
- Loan commitments; and
- Financial guarantees and contracts

No impairment loss is recognised on equity investments.

With the exception of purchased or originated credit impaired (POCI) financial assets, ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

3. Summary of significant accounting policies (continued)

Impairment (continued)

Measurement of ECL (continued)

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective interest rate.

- for undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Company if the holder of the commitment draws down the loan and the cash flows that the Company expects to receive if the loan is drawn down; and
- for financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Company expects to receive from the holder, the debtor or any other party.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original effective interest rate, regardless of whether it is measured on an individual basis or a collective basis.

Expected life

For instruments in Stage 2 or Stage 3, loss allowances reflect expected credit losses over the expected remaining lifetime of the instrument. For most instruments, the expected life is limited to the remaining contractual life. An exemption is provided for certain instruments with the following characteristics: (a) the instrument includes both a loan and undrawn commitment component;(b) the contractual ability to demand repayment and cancel the undrawn commitment is present; and (c) the exposure to credit losses is not limited to the contractual notice period. For products in scope of this exemption, the expected life may exceed the remaining contractual life and is the period over which our exposure to credit losses is not mitigated by our normal credit risk management actions. This period varies by product and risk category and is estimated based on our historical experience with similar exposures and consideration of credit risk management actions taken as part of our regular credit review cycle. Determining the instruments in scope for this exemption and estimating the appropriate remaining life based on our historical experience and credit risk mitigation practices requires significant judgment.

3. Summary of significant accounting policies (continued)

Impairment (continued)

Credit impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event-instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Company considers factors such as timing of coupon payments, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a backstop if amounts are overdue for 90 days or more. However, the cases where the impairment is not recognised for assets beyond 90 days overdue are supported by reasonable information.

Significant increase in credit risk

The Company monitors all financial assets, issued financial commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime ECL rather than 12-month ECL. The Company's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Company monitors all financial assets, issued financial commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

3. Summary of significant accounting policies (continued)

Impairment (continued)

Significant increase in credit risk (continued)

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

Forward-looking information includes the future prospects of the macroeconomic indicators obtained from regulatory guidelines, economic expert reports, financial analysts, governmental bodies and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail, financing forward looking information includes the same economic forecasts as corporate financing with additional forecasts of local economic indicators.

The Company allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The Company considers the credit risk upon initial recognition of asset and whether there has been a significant increase in it on an ongoing basis throughout each reporting period. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- frequent dishonor of cheques;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- actual or expected significant changes in the operating results of the customer;
- significant changes in the expected performance and behavior of the customer, including changes in the payment status of customers in the Company and changes in the operating results of the customer; and

3. Summary of significant accounting policies (continued)

Impairment (continued)

Significant increase in credit risk (continued)

- Macroeconomic information: in its models, the Company relies on a broad range of forward looking information as economic inputs along with various transformations of the same. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments using expert credit judgement.

Regardless of the analysis above, a significant increase in credit risk is presumed if a customer is more than 30 days past due in making a contractual payment.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis.

However, the Company still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate financing there is particular focus on assets that are included on a ‘watch list’ given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated.

For retail financing, when an asset becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

Purchased or originated credit-impaired (POCI) financial assets

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Company recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favourable change for such assets creates an impairment gain.

Restructured or modified financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

3. Summary of significant accounting policies (continued)

Impairment (continued)

Restructured or modified financial assets (continued)

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset. The cash shortfalls are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Write-offs

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company entity are initially measured at their fair values and, if not designated as at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the Company's revenue recognition policies.

Financial guarantee contracts not designated at FVTPL are presented as provisions in the statement of financial position and the remeasurement is presented in other revenue.

The Company has not designated any financial guarantee contracts as at FVTPL.

Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates its

interest rate swaps derivative as cash flow hedge to hedge the variable interest rate fluctuation on long-term borrowings, if the hedging criteria's are met.

3. Summary of significant accounting policies (continued)

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss. Amounts accumulated in equity are routed through profit or loss in the period when the hedged item affects profit or loss. The gain or loss relating the effective portion of hedging instruments is recognised in profit or loss within interest expense. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time, is immediately recognised in profit or loss.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any such derivative instruments are recognised immediately in the profit or loss within 'other operating income'.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.\

Borrowings

Borrowings which include corporate deposits and non-convertible bonds are recognised initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

End of service benefits and leave entitlements

End of service benefits are accrued in accordance with the terms of employment of the Company's employees at the reporting date, having regard to the requirements of the Oman Labour Law 2003 as amended. Employee entitlements to annual leave are recognised when they accrue to employees and an accrual is made for the estimated liability for annual leave as a result of services up to the reporting date. These accruals are included in current liabilities, while that relating to end of service benefits is disclosed as non-current liability. Contributions to a defined contribution retirement plan for Omani employees in accordance with the Omani Social Insurance Law of 1991 are recognised as an expense in the profit or loss as incurred.

Other liabilities

Other liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Liabilities are recognised for amounts to be paid for goods and services received, whether or not billed to the Company.

3. Summary of significant accounting policies (continued)

Provisions

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

Dividend distribution

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

Revenue recognition

Assets owned by the Company and subject to finance leases are included in the financial statements as "Net investment in finance debtors" at an amount equivalent to the present value of the future minimum lease payments plus initial direct costs, discounted using the interest rate implicit in the lease, and the difference between the aggregate lease contract receivable and the cost of the leased assets plus initial direct costs is recorded as unearned lease finance income. Initial direct costs include amounts that are incremental and directly attributable to negotiating and arranging a lease. They exclude general overheads such as those incurred by sales and marketing teams.

Income from finance leases represents gross earnings on finance leases allocated to the period of the lease using the net investment method, which reflects a constant periodic rate of return. The lease finance income is recognised in the profit or loss using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts and payments through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset or liability and is not revised subsequently.

Interest on factoring and working capital finance receivables is recognised using the effective interest rate method over the tenure of agreement.

Interest on past due and impaired loans is not recognised in income and is transferred to reserve account. This is reversed from reserve account and is taken to income account when actually received in cash.

Penal charges, lease processing charges, insurance and other operating fees are recognised when realised.

Dividend income is accounted for when the right to receive dividend is established.

3. Summary of significant accounting policies (continued)

Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the chief operating decision maker to make decisions about resources allocated to the segment and assess its performance, and for which discreet financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.
The Company is engaged in leasing activities, all of which are carried out in the Sultanate of Oman. Although the Company has retail and corporate customers, the entire lease portfolio is managed internally as one business unit. All the Company's funding and costs are common and are not allocated between these two portfolios.

Foreign currency transactions

Functional and presentation currency
These financial statements are presented in Rial Omani, which is the Company's functional currency and also in US Dollars for the convenience of the readers only. The US Dollar amounts, which are presented in these financial statements, have been translated from the Omani Rial amounts at an exchange rate of RO 0.385 to each US Dollar. All financial information presented in Rial Omani and US Dollars has been rounded to the nearest thousands, unless otherwise stated.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dated of the transactions. Foreign exchange gains and losses resulting from the prevailing at the dates of the transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Interest expense

Interest expense is recognised on an accrual basis using effective interest method.

Operating leases (accounting policy applicable before 1st January 2019)

3. Summary of significant accounting policies (continued)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease unless another systematic basis is more representative of the time pattern of the user's benefit.

Leases (accounting policy applicable from 1 January 2019)
The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclose separately if they are different from those under IFRS 16 and the impact of changes is disclosed in Note 2.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement

date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove

3. Summary of significant accounting policies (continued)

the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:
– fixed payments, including in-substance fixed payments;
– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– amounts expected to be payable under a residual value guarantee; and

– the exercise price under a purchase option that the Company is reasonably certain to exercise,

lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in ‘property, plant and equipment’ and lease liabilities on the face of the statement of financial position.

3. Summary of significant accounting policies (continued)

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of lease term of 12 months or less where the intention to extent the lease for longer tenor cannot be established and leases of low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the Statement of profit or loss and other comprehensive income except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is calculated on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilized. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefits will be realized.

Directors’ remuneration

The Directors’ remuneration is governed as set out in the Commercial Companies Law, regulations issued by the Capital Market Authority and the Articles of Association of the Company.

The Annual General Meeting determines and approves the remuneration and the sitting fees for the Board of Directors and its sub-committees provided such fees in accordance with Article 106 of the Commercial Companies Law of 1974 as amended, shall not exceed 5% of the annual net profit after deduction of the legal reserve and the optional reserve and the distribution of dividends to the shareholders provided that such fees do not exceed RO 200,000. The sitting fee for each Director does not exceed RO 10,000 in one year.

Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3. Summary of significant accounting policies (continued)

Financial guarantees

In the ordinary course of business, the Company issues financial guarantees to banks on behalf of customers that are stated as contingent liabilities in the Company's' financial statements till it is cancelled or expires. In the event the bank invokes the guarantee, the Company pays the guarantee amount and debits the customer's account, which would form part of the receivable asset balance.

Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these financial statements at contracted rates. Lease commitments are stated at contracted values at year end.

4. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. The estimates and associated assumptions are based on historical experience and various other factors that are believed by the Company to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial period are discussed below:

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there

has been a change in business model and so a prospective change to the classification of those assets.

Significant increase of credit risk

4. Critical accounting estimates and judgments

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information. A significant increase in credit risk is presumed if a customer is more than 30 days past due in making a contractual payment.

Establishing group of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics (e.g. product type of retail facilities). The Company monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that Company of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

Models and assumptions used

The Company uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward looking information relevant to each scenario.

When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default (PD)

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

4. Critical accounting estimates and judgments

Loss Given Default (LGD)

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Deferred taxation

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Irregularity in customer account:

During the period, certain irregularities in the operation of the account of one of the Company's customers was identified which pertained to documents submitted by the Customer. The Company is pursuing a number of corrective measures including legal action against the customer and review of internal processes. In our opinion, and based on current status of recoveries, the company is carrying adequate provisions for this account.

5. Cash and bank balances

	2019	2018
	RO'000	RO'000
Balances with banks	**2,520**	1,661
Cash and cheques in hand	**18**	66
Less: Expected credit loss allowance	**(1)**	-
	2,537	1,727

Notes to the financial statements
for the period ended 30 September 2019 (continued)

6. Net investment in finance debtors

	2019	2018
	RO'000	RO'000
Gross investment in finance leases	**146,385**	147,460
Unearned lease income	**(17,870)**	(18,408)
Net installment finance debtors	**128,515**	129,052
Debt factoring activity debtors	**35,061**	52,505
	163,576	181,557
Less: allowance for impairment of finance debtors	**(19,432)**	(15,845)
Unrecognised contractual income	**(3,488)**	(2,560)
	140,656	163,152

Contractual income is not recognised by the Company so as to comply with the rules, regulations and guidelines issued by CBO against lease contract receivables and debt factoring which are impaired i.e. overdue by more than 89 days. As at 30 September 2019, finance debtors which are past due and impaired on which contractual income is not being accrued or has not been recognised amounted to RO 36.77 million which includes qualitative classification of RO nil million (2018 - RO 25.57 million and qualitative classification of RO 0.104 million)

The movement of unearned lease income during the year was as follows:

	2019	2018
	RO'000	RO'000
At 1 January	**18,451**	14,863
Addition during the year	**6,786**	10,450
Recognised during the year	**(7,367)**	(6,905)
At 30 September	**17,870**	18,408

The movement in allowance for impairment of finance debtors during the year was as follows:

	2019	2018
	RO'000	RO'000
At 1 January	**16,223**	14,429
Initial application of IFRS 9	**-**	**(81)**
Net charge during the year	**3,370**	1,538
Accruals		44
Written off during the year	**(161)**	(85)
At 30 September	**19,432**	15,845

6. Net investment in finance debtors (continued)

At 30 September 2019, in total allowance for impairment, RO 0.05 million is included on account of ECL on commitments and contingencies. Investment in finance debtors include receivable from related parties amounting to RO 4.66 million (2018 - RO 1.16 million). Refer to note 25.

The movement in unrecognised contractual income during the year was as follows:

	2019	2018
	RO'000	RO'000
At 1 January	**2,684**	2,122
Net reserved during the year	**804**	438
At 30 September	**3,488**	2,560

7. Deferred tax asset

Deferred income taxes are calculated on all material temporary differences under the liability method using a principal tax rate of 15 % (2018 - 15%). Deferred tax asset is in respect of net investment in finance debtors and vehicles and equipment. The deferred tax asset recognised in the statement of financial position and the movement during the year is as follows:

	2019	2018
	RO'000	RO'000
At 1 January	**9**	308
Recognised in the profit or loss (note 16)	**-**	-
At 30 September	**9**	308

8. Vehicles and equipment

	Motor vehicles RO'000	Furniture, fixture and office equipment RO'000	Capital work in progress RO'000	Right of use Asset	Total RO'000
Cost					
At 1 January 2018	23	627	-	-	650
Additions	-	13	-		13
At 30 September 2018	**23**	**640**			**663**
At 1 January 2019	23	478	48	191	740
Additions	-	18	58	-	76
At 30 September 2019	**23**	**496**	**106**	**191**	**816**
Depreciation					
At 1 January 2018	23	601	-		624
Charge	-	15	-		15
At 30 September 2018	23	616	-		639
At 1 January 2019	**23**	**453**	**-**		**476**
Charge	-	9	-	33	42
At 30 September 2019	**23**	**462**	**-**	**33**	**518**
Carrying value					
At 30 September 2019	-	34	106	158	298
At 30 September 2018	-	24			24

Capital work in progress represents amounts incurred for the Company's new software.

9. Statutory deposit

The Company is required to maintain a deposit of RO 250,000 (US$ 649,351) (2018 - RO 250,000 (US $ 649,351)) with CBO in accordance with the applicable licensing regulations. During the year, the deposit earned interest at the annual rate of 1.5 % (2018 – 1.5%).

10. Share capital

The authorised share capital of the Company comprises 500,000,000 (2018 - 500,000,000) ordinary shares of 100 baisas each and paid up capital at 30 September 2019 comprised of 307,146,325 (30 September 2018 – 299,654,952) fully paid shares of 100 baisas each.

During 2019, the Company had issued 7,491,373 (2018 - 14,269,283) shares of 100 baisas each through stock dividend to the existing shareholders, which increased the paid up capital of the Company by RO 0.75 million (2018 - RO 1.43 million). The details of major shareholders who own 10% or more of the Company's shares are as follows:

Name of the shareholders holding greater than 10% of shares	**% of holding**	
	2019	2018
Fincorp Investment Co. LLC	**23.18**	23.15
Zawawi Trading Co. LLC	**17.45**	17.45

11. Legal reserve

In accordance with Article 132 of the Commercial Companies Law of Oman, annual appropriations of 10% of the profit for the year, are made to legal reserve until the accumulated balance of the reserve is equal to one third of the Company's paid up share capital. This reserve is not available for distribution.

12a. Special reserve

In accordance with the CBO guidelines, where foreign currency borrowings are in excess of 40% of the net worth of the Company, an exchange reserve of 20% of the excess is to be created. 10% is created in the initial year that the borrowings exceed 40% of the net worth and 2.5% in each of the subsequent years. The carrying amount of such reserve at 30 September 2019 and 2018 are in excess of regulatory requirements and the same has been approved by the Board in order to provide flexibility to avail of opportunities for overseas borrowings, as and when they arise.

12b. Impairment reserve

In accordance with the CBO guidelines, where the aggregate impairment of finance debtors calculated as per the extant guidelines of the CBO is higher than the impairment allowance computed under the requirements of IFRS 9, the difference net of taxation, is to be transferred to an impairment reserve as an appropriation from the profit after taxation. This impairment reserve is not available for the distribution of dividend or for inclusion in capital and reserves for the purposes of computation of leverage ratio as per the CBO requirements.

13. Proposed dividend

At the Annual General Meeting on 24 March 2019, 6.25% of cash dividend of RO 0.00625 per share amounting to RO 1,872,843 (2018 - RO 0.008 per share amounting to RO 2,283,085) and 2.5% stock dividend of RO 0.0025 per share amounting to RO 749,137 (2018 - RO 0.005 per share amounting to RO 1,426,928 were approved and are reflected in the statement of changes in equity.

14. Bank borrowings

	2019	2018
	RO'000	RO'000
Bank overdrafts	**1,129**	4,464
Short-term loans	**32,905**	40,500
Current portion of long-term loans	**23,281**	23,859
Short term bank borrowings	**57,315**	68,823
Non-current portion of long-term loans	**21,595**	16,747
	78,910	85,570

- The interest rates on overdrafts and long-term loans are subject to change at the discretion of the banks, upon renewal of the facilities, which takes place generally on an annual basis. The short-term loans are due to mature between one and one hundred and eighty days.
- The fair value of short-term borrowings approximates their carrying value.
- Long-term loans include RO 12.192 million (2018 - RO 10.908 million) denominated in USD
- The related interest rate risk and maturity profile are given under note 30.

15. Other liabilities

	2019	2018
	RO'000	RO'000
Leasing related liabilities	**4,471**	8,397
Accruals for expenses	**890**	1,033
Advances received from customers	**2,121**	2,275
Interest payable	**601**	652
End of service benefits	**275**	252
Lease liability	**145**	
Other payables	**644**	84
	9,147	12,693

Leasing related liabilities and accruals for expenses include payable to related parties amounting to RO 0.216 million (2018 - RO 0.251million). Refer to note 25.

15. Other liabilities (continued)

The movement in employees' end of service benefits during the year is as follows:

	2019 **RO'000**	2018 RO'000
1 January	**252**	218
Charge for the year (note 22)	**38**	34
Paid during the year	**(15)**	-
30 September	**275**	252

16. Taxation

The tax charge during the year comprises:

	2019 **RO'000**	2018 RO'000
Current year tax	**24**	761
Prior year reversal	**-**	-
Deferred tax (note 7)	**-**	-
	24	761

Pursuant to the Royal Decree 9/2017 issued on February 19, 2017 by the Government of Oman, corporate tax rates have increased to 15% from financial year beginning on 1 January 2017:

	2019 **RO'000**	2018 RO'000
Profit before income tax	**158**	3,533
Taxation at the applicable tax rate	**24**	761
(Excess) / additional provision	**-**	-
Prior year reversal	**-**	-
Deferred tax	**-**	-
Temporary differences	**-**	-
Tax impact on restatement of opening allowance for impairment reserve	**-**	-
Items not deductible	**-**	-
Taxation expense	**24**	761

16. Taxation (continued)

The movement in the provision for taxation is as follows:

	2019	2018
	RO'000	RO'000
At 1 January	**438**	402
Charge for the year	**24**	761
Reversal – prior year	**-**	-
Paid during the year	**(286)**	(272)
At 31 December	**176**	891

Tax assessments have been completed and agreed for all the years up to 2014 with the Oman tax Authorities. The assessment for the year 2015 to 2018 has not been completed by the Oman tax authorities. The Company's management is of the opinion that additional taxes, if any, assessed for the open tax years would not be material to the Company's financial position as at 30 September 2019.

17. Corporate deposits and non-convertible bonds

The Company accepts term deposits from corporate customers in accordance with the CBO guidelines for a minimum period of 6 months.

The non-convertible bonds are for a period of 3 years and carry a coupon rate of 5.25 % per annum. The bonds are unsecured and interest is payable semi-annually.

18. Derivative financial instruments

The Company has entered into interest rate swap contracts with commercial banks for a total sum of US$ 1.667 million (RO 4.49 mill) [2018: US$ 31.19 million (RO 12.01 million)] with a view to cap the Company's exposure to fluctuating interest rates. These interest rate swap transactions oblige the Company to pay a fixed rate of 2.81% throughout the term of the hedge agreements over the notional amount covered by the agreements. The principal amount covered is based on repayments as per the facility agreement. The interest rate swap has been designated as a cash flow hedge and hedge accounted. As of 30 September 2019 the estimated future cash flows of the hedging instruments had a positive fair value of US$ 112,741 (RO 43,405) [(2018: US$ 102,714 (RO 39,545)], which has been accounted for as an unrealised gain in the statement of changes in equity.

18. Derivative financial instruments (continued)

The principal of the term loan outstanding under the Facility Agreement with the bank and the notional amount covered under the interest rate swap arrangement as of the reporting date

was equivalent of RO 4.49 million. The table below shows the fair value of the derivative financial instrument, which is equivalent to the market value, together with the notional amount analyzed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured.

	Notional amounts by term to maturity			
30 September 2019	**Positive / (negative) fair value RO'000**	**Notional amount total RO'000**	**1 -12 months RO'000**	**1 - 5 years RO'000**
Interest rate swaps	**43**	**4,492**	**2,567**	**1,925**
30 September 2018				
Foreign currency forward contracts	-	-	-	-
Interest rate swaps	40	12,008	7,517	4,491
	40	12,008	7,517	4,491

19. Interest income

	2019 RO'000	2018 RO'000
Installment finance	**7,307**	6,610
Debt factoring activity	**1,986**	2,968
	9,293	9,578

20. Interest expense

	2019 RO'000	2018 RO'000
Corporate deposits	**655**	610
Non-convertible bonds	**143**	196
Bank borrowings	**2,793**	2,238
	3,591	3,044

21. Other operating income

	2019 RO'000	2018 RO'000
Fees, service charges and documentation charges	**359**	612
Other charges and recoveries	**85**	207
	444	819

22. Selling, general and administrative expenses

	2019 RO'000	2018 RO'000
Personnel costs	**1,848**	1,747
Statutory and court fees	**309**	170
Office expenses	**236**	201
Rent	**92**	132
Professional fees	**31**	13
Communications	**44**	54
Marketing and promotion expenses	**15**	19
	2,575	2,336

Personnel costs

	2019	2018
Salaries and allowances	**1,229**	1,213
Other benefits	**475**	413
End of service benefits (note 15)	**38**	34
Contribution to the Public Authority for Social Insurance	**106**	87
	1,848	1,747

23. Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2019	2018
	RO'000	RO'000
Profit for the year attributable to ordinary shareholders (RO'000)	**134**	2,772
Weighted average number of ordinary shares in issue during the year ('000)	**307,146**	307,146
Basic earnings per share	**RO 0.001**	RO 0.012

Since the stock dividend of 7,491,373 shares during 2019 was an issue without consideration, for the purpose of calculating earnings per share, the issue is treated as if it had occurred at the beginning of 2019.

For the purpose of calculating diluted earnings per share, the weighted average number of shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. As there are no dilutive potential shares, the diluted earnings per share are identical to the basic earnings per share.

24. Net assets per share

The calculation of net assets per share is as below:

	2019	2018
	RO'000	RO'000
Net asset value (RO'000)	**39,899**	40,356
Number of ordinary shares outstanding at 31 September ('000)	**307,146**	299,655
Net assets per share	**RO 0.130**	RO 0.135

25. Related parties

Transactions
The Company has entered into transactions in the ordinary course of business with related parties which include shareholders with significant influence, entities over which directors have an interest, members of the board of directors and key management personnel. During the year, the following transactions were carried out with related parties:

	2019	2018
	RO'000	RO'000
Interest income	**124**	34
Other operating income	**-**	0
Other operating expenditure:		
Staff expenses	**11**	9
Office expenses	**13**	9
Interest on corporate deposit	**4**	5
Directors' sitting fees	**31**	22
	33	45

Year end balances arising from related party transactions:

	2019	2018
	RO'000	RO'000
Receivable from related parties:		
Lease and factoring financing	**4,664**	1,160
Other advances	**26**	26
	4,690	1,186
Payable to related parties:		
Other liabilities	**216**	251
Corporate deposits	**250**	200

Allowance for impairment made in respect of related party debtors amounted to RO Nil million (2018: RO Nil million)

25. Related parties (continued)

Key management compensation

The compensation paid or payable to key management (five employees) (2018: six employees) services is shown below:

	2019	2018
	RO'000	RO'000
Salaries and other benefits	**181**	252
End of service benefits	**10**	15
	191	267

26. Commitments

The Company has approved commitments to customers as on 30 September 2019 amounting to RO 12.032 million (2018 - RO 2.54 million) which is contingent upon fulfilment of the terms and conditions attached thereto. The commitment on account of future capital expenditure not provided in financial statement is RO 0.106 million (2018 – RO 0.48 million)

27. Contingent liabilities

At 30 September 2019, there were contingent liabilities of RO 2.11 million (2018 - RO 4.08 million) in respect of letters of credit and financial guarantees given to banks in the normal course of business on behalf of customers from which it is anticipated that no material liabilities will arise. Such guarantees are covered by counter guarantees from the customers in addition to other securities.

28. Segmental information

Class of business

The Company operates in the business segment of instalment financing and leasing of vehicles and other assets, debt factoring, working capital and receivable financing activities. The strategic business unit offers similar products and services and is managed as one segment. For the strategic business unit, the Chief Executive Officer reviews internal management reports on a monthly basis. Performance is measured based on the profit before income tax, as included in the internal management reports.

The Chief Executive Officer considers the business of the Company as one operating segment and monitors accordingly.

29. Financial risk management

Financial risk factors

The Company's activities expose it to variety of financial risks: market risk (including currency risk and interest risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the management under the policies approved by the Board of Directors. The management identifies, evaluates and hedges financial risks in close cooperation with Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of excess liquidity.

Market risk

Market risk is the risk of loss due to adverse changes in interest rate and foreign exchange rates. The Company does not actively participate in trading on debts, equity securities, and foreign exchange.

Foreign exchange risk

Foreign currency risk is the risk arising from future commercial transactions or recognised financial assets or liabilities being denominated in a currency that is not the Company's functional currency. The majority of the Company's transactions are denominated in the functional currency. The Company is not exposed to foreign exchange risk as significant proportion of the Company's borrowings are denominated in functional currency or US Dollar which is pegged with Rial Omani.

Further, the Company has entered into derivative contracts in order to manage and reduce the foreign currency risk arising in relation to the Company's borrowings denominated in US Dollar

Interest rate risk

Interest rate risk is the uncertainty of future earnings resulting from fluctuations in interest rates. The risk arises when there is a mismatch in the assets and liabilities, which are subject to interest rate adjustment within a specified period. The most important sources of such risk are the Company's borrowings, and its financing activities, where fluctuations in interest rates, if any, are reflected in the results of operations.

Interest rate gap is a common measure of rate risk. A positive gap occurs when more assets than liabilities are subject to rate change during a prescribed period of time. A negative gap occurs when liabilities exceed assets subject to rate changes during a prescribed period of time. It includes the Company's financial instruments at carrying amounts, categorized by the earlier of contractual reprising or maturity dates.

29. Financial risk management (continued)

Financial risk factors (continued)

Interest rate risk (continued)

Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The interest rates on short-term and long-term borrowings with banks are subject to change upon re-negotiation of the facilities, which takes place on an annual basis in the case of overdrafts. The Company uses sensitivity analysis to analyses variable cost of borrowings. Management estimates that the Company's interest costs are sensitive to the extent that a change in 50 basis points in the average funding cost would change interest cost on borrowings by RO 0.39 million (2018 - RO 0.43 million). The Company's exposure to interest rate risk is shown under note 30.

The Company is exposed to fluctuation in interest rates on its term loan balance. Derivative financial instruments are used to reduce exposure to fluctuations in interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk is crucial for the Company's business; therefore management carefully manages its exposure to credit risk. The Company has established credit policies and procedures to manage credit exposure including evaluation of lease, credit worthiness, credit approvals, assigning credit limits, obtaining securities such as lien on title on leased assets, security deposits, personal guarantees and mortgages over properties.

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. Exposure to credit risk is managed through regular analysis of the ability of lessees to meet repayment obligations. Debt factoring activity debtors includes amounts advanced to clients in respect of debts factored, interest on the amounts advanced and related charges. In the event of default in settlement of debts factored by customers of the client, the Company has recourse to the client.

The estimation of counterparty credit exposure for risk management purposes is a complex mechanism and requires the use of credit risk models in place to determine various factors like changes in portfolio exposures, customer behaviors, market conditions, expected cash flows, probability of a customer to default etc. Company measures its credit risk using three drivers which are probability of default (PD) that derives likelihood of each customer to default based on its characteristics and credit behavior, loss given default (LGD) that determines maximum amount a company will lose in case a client defaults and exposure at default (EAD) that is computed based on future contractual payments expected to receive from counterparty.

29. Financial risk management (continued)

Financial risk factors (continued)

Credit risk (continued)

Incorporation of forward-looking information

Under IFRS 9, Company uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Company employs experts who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Company applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Company for strategic planning and budgeting. The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Measurement of ECL

The key inputs used for measuring ECL are:

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

As explained above these figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is the magnitude of the likely loss if there is a default. The Company will estimate LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models will consider the structure, collateral, seniority of the claim, counterparty industry, recovery costs of any collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, recovery rates and seniority of

claims. The calculation are on a discounted cash flow basis. Regulatory LGDs are taken for portfolios with limited historic data and low default portfolios.

29. Financial risk management (continued)

Financial risk factors (continued)

Credit risk (continued)

Measurement of ECL (continued)

EAD is an estimate of the current exposure for funded facilities. For non-funded facilities the EAD is taken as the product of the applicable credit conversion factors and contract values. Exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Company's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortization profiles, early repayment or overpayment, changes in utilization of undrawn commitments and credit mitigation actions taken before default. The Company uses EAD models that reflect the characteristics of the portfolios.

The Company measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contact extension or renewal is common business practice. However, for financial instruments such as revolving credit facilities that include both a loan and an undrawn commitment component, the Company's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Company's exposure to credit losses to the contractual notice period. For such financial instruments the Company measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period. However, the Company does not enforce in the normal day-to-day management the contractual right to cancel these financial instruments.

This is because these financial instruments are managed on a collective basis and are cancelled only when the Company becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Company expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment.

Groupings based on shared risks characteristics
When ECL are measured on a collective basis, the financial instruments are grouped based on shared risk characteristics, such as:

- Instrument type;
- Credit risk grade;
- Collateral type;

The groupings are reviewed on a regular basis to ensure that each Company is comprised of homogenous exposures.

29. Financial risk management (continued)

Financial risk factors (continued)

Credit risk (continued)

Groupings based on shared risks characteristics (continued)

The Company uses external benchmark information for portfolios with limited historical data and for low default portfolios where there is no instances of historical default.

The Company has in place policies, which govern the determination of eligibility of various collaterals including credit protection, to be considered for credit risk mitigation, which includes the minimum operational requirements that are required for the specific collateral to be considered as effective risk mitigating. The Company's major collaterals are mortgaged properties, vehicles & other register-able assets or non-register-able assets.

The Company has clear policies in place to identify early warning signals and to initiate appropriate and timely remedial actions. Some of the early warning indicators are listed below:

- frequent dishonor of cheques;
- inability to reach the customer over phone or in person;
- lack of response to written communications; and
- Adverse market feedback.

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Notes to the financial statements
for the period ended 30 September 2019 (continued)

29. Financial risk management (continued)

Credit risk (continued)

Groupings based on shared risks characteristics (continued)

The below table shows comparison of provision held as per IFRS 9 and required as per CBO norms: **RO '000**

Asset Classification as per CBO norms (1)	Asset Classification as per IFRS 9 (2)	Gross carrying amount (3)	Provision required as per CBO norms (4)	Provision held as per IFRS 9 (5)	Difference between CBO provision required and provision held (6) = (4)-(5)	Net carrying amount (7) = (3)-(5)	Reserve interest as per CBO norms (8)
	Stage 1	88,848	-	428	(428)	88,420	
Standard	Stage 2	38,324	-	1,295	(1,295)	37,029	
	Stage 3	-	-	-	(-)	-	
Subtotal		**127,172**	**-**	**1,723**	**(1,723)**	**125,449**	**-**
Special Mention	Stage 3	5,418	421	1,255	(834)	4,163	119
Subtotal		5,418	421	1,255	(834)	4,163	119
Sub Standard	Stage 3	4,701	1,103	2,168	(1,065)	2,533	290
Subtotal		**4,701**	**1,103**	**2,168**	**(1,065)**	**2,533**	**290**
Doubtful	Stage 3	6,297	2,935	2,774	161	3,523	426
Subtotal		**6,297**	**2,935**	**2,774**	**161**	**3,523**	**426**
Loss	Stage 3	19,988	17,334	14,923	2,411	5,065	2,653
Subtotal		**19,988**	**17,334**	**14,923**	**2,411**	**5,065**	**2,653**
	Stage 1	88,848	-	428	(428)	88,420	-
Total	Stage 2	38,324	-	1,295	(1,295)	37,029	-
	Stage 3	36,404	21,793	21,120	673	15,284	3,488
	Total	**163,576**	**21,793**	**22,843**	**(1,050)**	**140,733**	**3,488**

Apart from above, Company maintains ECL of RO 0.07 million on commitments and contingencies. There is CBO provision of RO 0.17 million on contingent liabilities classified under as per CBO guidelines.

29. Financial risk management (continued)

Credit risk (continued)

Groupings based on shared risks characteristics (continued)

The below table shows comparison of provision held as per IFRS 9 and required as per CBO norms for restructured accounts:

RO '000

Asset classification as per CBO norms	Asset classification as per IFRS 9	Gross carrying amount	Provision required as per CBO norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net carrying amount	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7) = (3)-(5)	(8)
Classified as non- performing	Stage 3	2,672	1,104	1,063	41	1,609	218
Total		**2,672**	1,104	1,063	**41**	**1,609**	**218**

The below table shows comparison of impairment allowance and loss held as per IFRS 9 and required as per CBO norms:

RO '000

	As per CBO Norms		As per IFRS 9		Difference	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
Impairment loss charged to statement of profit and loss	3,371	-	3,371	-	-	-
Provisions required as per CBO norms/ held as per IFRS 9	25,281	-	22,843	-	2,438	-
Gross NPL ratio (percentage)	22.26%	-	22.26%	-	-	-
Net NPL ratio (percentage)	8.04%	-	9.64%	-	(1.59%)	-

An amount of RO 1.352 million (net of impact of tax @15%) is transferred to the impairment reserve. If this amount had been charged to statement of profit or loss, the net profit/(loss) after tax would have been (RO 1.19) million

29. Financial risk management (continued)

Financial risk factors (continued)

Credit risk (continued)

The table below gives the maximum exposure to credit risk. The maximum exposures are shown before the effect of mitigation through the use of collateral agreements:

	2019	2018
	RO'000	RO'000
Bank balances	**2,520**	1,661
Investment in finance debtors	**163,576**	181,557
Other receivables	**462**	496
	166,558	183,714

The above table represents a worst case scenario of credit risk exposure to the Company at 30 September 2019 and 2018 without taking account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported in the consolidated statement of financial position.

As can be seen above, the most significant exposures arise from Net investment in finance debtors to customers (including commitments) and amounts due from banks.

At 30 September 2019 and 2018, the Company did not have any individual customer concentration of net investment in finance debtors. No single customer owes more than 10% of the aggregate amounts of net investment in finance debtors.

Economic sector concentration of gross investment in finance debtors

	2019	2018
	RO'000	RO'000
Personal sector	**53,215**	51,549
Business sector	**110,361**	130,008
	163,576	181,557

Credit quality per class of financial assets

All leases extended by the Company are against security of assets financed and in certain cases if required against additional security. The Company regularly monitors credit quality of its financial assets.

29. Financial risk management (continued)

Financial risk factors (continued)

Credit risk (continued)

Credit quality per class of financial assets (continued)

The Company's receivables which are neither past due nor impaired and past due but not impaired comprise 62 percent and 15 percent of net investment in finance debtors (2018- 74 percent and 13 percent) respectively.

The Company limits its credit risk with respect to exposure with banks by dealing with reputable banks.

Renegotiated finance debtors

Renegotiated lease receivables as at 30 September 2019 are RO 2.67 million (2018 - RO 3.04 million) and include impaired loans of RO 2.67 million (2018 - RO 2.91 million)

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may result in unavailability of certain sources of funding.

Sources of funding are regularly reviewed by the management and the asset liability management committee and monitored by diversification through long-term and short-term borrowings, increasing the number of lenders, developing additional products such as corporate deposits, seeking fixed interest rates for longer tenure. Fund management has been carried out by treasury function of the Company. It includes managing and monitoring day to day cash flows and funding needs. This is achieved through maintaining approved credit facilities to cover net future funding needs and monitoring cash flows projections. The maturity profile of the Company's financial liabilities and net-settled derivative financial liabilities is set out under note 30.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain the capital structure and to confirm to regulations, the Company may take appropriate strategic decisions.

Central Bank of Oman (CBO) requires the Company to maintain a minimum paid up capital of RO 25 million which has been complied with.

29. Financial risk management (continued)

Financial risk factors (continued)

Liquidity risk (continued)

Capital management (continued)

Consistent with the regulations prevailing in the industry, the Company monitors capital on the basis of the gearing and leverage ratios. The gearing ratio is calculated as total borrowing (including 'current and non-current borrowings') divided by total equity as shown in the statement of financial position. Leverage ratio is calculated as total outside liabilities divided by net worth (excluding specific reserves, impairment reserve and proposed cash dividend).

During 2019 and 2018, the Company's strategy was to maintain the gearing and leverage ratios within 5 times of the equity. The gearing and leverage ratios at 30 September 2019 and 2018 were as follows:

	2019 **RO'000**	2018 RO'000
Total borrowings	**95,017**	112,057
Total outside liabilities	**104,340**	125,641
Total equity	**39,899**	40,356
Net worth (defined above)	**36,940**	39,061
Gearing ratio (times)	**2.38**	2.78
Leverage ratio (times)	**2.82**	3.22

Fair value

The fair value of financial assets and liabilities that are not traded in an active market is determined by using estimated discounted cash flows (level 3). The fair value of investments in listed securities is determined by quoted (unadjusted) prices in active markets for identical assets or liabilities (level 1). Derivative financial instruments carried at fair value amounting to RO 43,405 (2018: 39,545) are valued using level 2 inputs.

The carrying value less impairment allowance is assumed to approximate their fair values.

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: 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 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the financial statements
for the period ended 30 September 2019 (continued)

30. Financial instruments and financial risk management

Interest rate risk

The table below summarises the Company's exposure to interest rate risks. Included in the table are the Company's assets and liabilities at carrying amounts categorised by the earlier of contractual repricing or maturity dates as on 30 September 2019:

30 September 2019	**Upto 6 months RO**	**6 to 12 months RO**	**1 to 2 years RO**	**2 to 3 years RO**	**More than 3 years RO**	**Fixed rate or non-interest rate sensitive RO**	**Total RO**
Assets							
Cash and bank balances						2,537	2,537
Net investment in finance debtors	33,990	20,996	30,076	21,620	33,974		140,656
Other receivables and prepayments						446	446
Derivative financial instruments						43	43
Deferred tax asset						9	9
Vehicles, equipment and ROU Asset						192	192
Capital work in progress						106	106
Statutory deposit	250						250
Total assets	34,240	20,996	30,076	21,620	33,974	3,333	144,239
Equity and liabilities							
Equity						39,899	39,899
Short-term bank borrowings	34,024						34,024
Other liabilities						9,147	9,147
Tax payable						176	176
Corporate deposits	2,565	9,034	4,508				16,107
Non-convertible bonds							
Negative fair value of derivatives							
Long-term loans (including current portion)	35,252	2,566	4,492	2,566			44,876
Total equity and liabilities	71,851	11,600	9,000	2,566	-	49,222	144,239
Gap between assets and liabilities	(37,611)	9,396	21,076	19,054	33,974	(45,889)	
Cumulative gap between assets and liabilities	(37,611)	(28,215)	(7,139)	11,915	45,889		

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Notes to the financial statements
for the period ended 30 September 2019 (continued)

30. Financial instruments and financial risk management (continued)

Interest rate risk (continued)

30 September 2018	Upto 6 months	6 to 12 months	1 to 2 years	2 to 3 years	More than 3 years	Fixed rate or non-interest rate sensitive	Total
	RO	RO	RO	RO	RO	RO	RO
Assets							
Cash and bank balances	-	-	-	-	-	1,727	1,727
Net investment in finance debtors	48,404	33,337	31,221	21,578	29,025	-	163,565
Derivative financial instruments						40	40
Other receivables and prepayments	-	-	-		-	496	496
Deferred tax asset	-	-	-	-	-	308	308
Vehicles and equipment & CWIP	-	-	-	-	-	24	24
Statutory deposit	250	-	-	-	-	-	250
Total assets	48,654	33,337	31,221	21,578	29,025	2,595	166,410
Equity and liabilities							
Equity						40,769	40,769
Short-term bank borrowings	44,964	-	-	-	-	-	44,964
Other liabilities	-	-	-	-	-	12,693	12,693
Tax payable	-	-	-	-	-	891	891
Corporate deposits	6,205	6,279	8,295	708	-	-	21,487
Non-convertible bonds	-	5,000	-	-	-	-	5,000
Negative fair value of derivatives	-	-		-	-	-	-
Long-term loans (including current portion)	36,756	3,850	-	-	-		40,606
Total equity and liabilities	87,925	15,129	8,295	708	-	54,353	166,410
Gap between assets and liabilities	(39,271)	18,208	22,926	20,870	29,025	(51,758)	-
Cumulative gap between assets and liabilities	(39,271)	(21,063)	1,863	22,733	51,758	-	-

30. Financial instruments and financial risk management (continued)

Liquidity risk

The amounts disclosed in table below analyses the Company's assets and liabilities as on 30 September2019 and 30 September 2018 into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of the discounting is not significant.

30 September 2019	Upto 6 months RO	6 to 12 months RO	1 to 2 years RO	2 to 3 Years RO	More than 3 years RO	Fixed rate or non-interest rate sensitive RO	Total RO
Assets							
Cash and bank balances	2,537	-	-	-	-	-	2,537
Net investment in finance debtors	33,990	20,996	30,076	21,620	33,974	-	140,656
Other receivables and prepayments	-	-	-	-	-	446	446
Derivative financial statement	-	-	-	-	-	43	43
Deferred tax asset	-	-	-	-	-	9	9
Vehicles, equipment and ROU Asset	-	-	-	-	-	192	192
Capital work in progress	-	-	-	-	-	106	106
Statutory deposit	-	-	-	-	-	250	250
Total assets	36,527	20,996	30,076	21,620	33,974	1,046	144,239
Equity and liabilities							
Equity	-	-	-	-	-	39,899	39,899
Short-term bank borrowings	34,024	-	-	-	-	-	34,024
Other liabilities	8,872	-	-	-	275	-	9,147
Tax payable	176	-	-	-	-	-	176
Corporate deposits	2,565	9,034	4,508	-	-	-	16,107
Non-convertible bonds	-	-	-	-	-	-	-
Long-term loans (including current portion)	12,240	11,040	15,598	5,998	-	-	44,876
Total equity and liabilities	57,887	20,074	20,106	5,998	275	39,899	144,239

30. Financial instruments and financial risk management (continued)

Liquidity risk (continued)

30 September 2019	Upto 6 months RO	6 to 12 months RO	1 to 2 Years RO	2 to 3 Years RO	More than 3 years RO	Fixed rate or non-interest rate sensitive RO	Total RO
Gap in maturity (excluding off balance sheet)	(21,360)	922	9,970	15,622	33,699	(38,853)	-
Cumulative gap in maturity	(21,360)	(20,438)	(10,468)	5,154	38,853		-
Assets off balance sheet							
Forward foreign exchange contracts	-	-	-	-	-	-	-
Total assets (including off balance sheet)	36,527	20,996	30,076	21,620	33,974	1,046	144,239
Liabilities off balance sheet							
Forward foreign exchange contracts	-	-	-	-	-	-	-
Total equity and liabilities (including off balance sheet)	57,887	20,074	20,106	5,998	275	39,899	144,239
Gap in maturity	(21,360)	922	9,970	15,622	33,699	(38,853)	-
Cumulative gap in maturity	(21,360)	(20,438)	(10,468)	5,154	38,853	-	-

30. Financial instruments and financial risk management (continued)

Liquidity risk (continued)

30 September 2018	Upto 6 months RO	6 to 12 months RO	1 to 2 years RO	2 to 3 Years RO	More than 3 years RO	Fixed rate or non-interest rate sensitive RO	Total RO
Assets							
Cash and bank balances	1,727	-	-	-	-	-	1,727
Net investment in finance debtors	48,404	33,337	31,221	21,578	29,025	-	163,565
Other receivables and prepayments	-	-	-	-	-	496	496
Derivative financial instruments						40	40
Deferred tax asset	-	-	-	-	-	308	308
Vehicles and equipment & CWIP	-	-	-	-	-	24	24
Statutory deposit	-	-	-	-	-	250	250
Total assets	50,131	33,337	31,221	21,578	29,025	1,118	166,410
Equity and liabilities							
Equity	-	-	-	-	-	40,769	40,769
Short-term bank borrowings	44,964	-	-	-	-	-	44,964
Other liabilities	12,441	-	-	-	252	-	12,693
Tax payable	891	-	-	-	-	-	891
Corporate deposits	6,205	6,279	8,295	708	-	-	21,487
Non-convertible bonds	-	5,000	-	-	-	-	5,000
Negative fair value of derivatives	-	-	-	-	-	-	-
Long-term loans (including current portion)	13,484	10,375	10,372	6,375	-	-	40,606
Total equity and liabilities	77,985	21,654	18,667	7,083	252	40,769	166,410

30. Financial instruments and financial risk management (continued)

Liquidity risk (continued)

30 September 2018	Upto 6 months RO	6 to 12 months RO	1 to 2 Years RO	2 to 3 Years RO	More than 3 years RO	Fixed rate or non-interest rate sensitive RO	Total RO
Gap in maturity (excluding off balance sheet)	(27,854)	11,683	12,554	14,495	28,773	(39,651)	-
Cumulative gap in maturity	(27,854)	(16,171)	(3,617)	10,878	39,651	-	-
Assets off balance sheet							
Forward foreign exchange contracts	-	-	-	-	-	-	-
Total assets (including off balance sheet)	50,131	33,337	31,221	21,578	29,025	1,118	166,410
Liabilities off balance sheet							
Forward foreign exchange contracts	-	-	-	-	-	-	-
Total equity and liabilities (including off balance sheet)	77,985	21,654	18,667	7,083	252	40,769	166,410
Gap in maturity	(27,854)	11,683	12,554	14,495	28,773	(39,651)	-
Cumulative gap in maturity	(27,854)	(16,171)	(3,617)	10,878	39,651	-	-

31. Comparative figures

Some of the corresponding figures for the previous year have been reclassified in order to conform to the presentation for the current year. Such reclassifications do not affect previously reported profit or shareholders' equity.

32. Approval of financial statements

These financial statements were approved by the Board of directors and authorized for issue on 24 October 2019.