

## **Independent auditor's report to the Shareholders of Oman Refreshment Company SAOG**

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### **Report on the audit of parent company and consolidated financial statements**

#### **Opinion**

We have audited the parent company and consolidated financial statements ("the financial statements") of **Oman Refreshment Company SAOG** (the "Parent Company") and its subsidiaries (the "Group"), which comprise the parent company and consolidated statements of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the parent company and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company and consolidated financial statements present fairly, in all material respects, the financial position of the parent company and the Group as at 31 December 2020, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis for opinion**

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

#### **Other matter**

The financial statements of the parent company and the Group for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on 9 February 2020.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company and consolidated financial statements of the current year. These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Independent auditor's report to the Shareholders of Oman Refreshment Company SAOG (continued)

### Key audit matters (continued)

#### Key audit matter *Revenue recognition*

Total revenue recognized during the year by the parent company amounted to RO 63,441,144 and the Group was RO 63,962,261.

International Standards on Auditing require us to consider the risk of fraud in revenue recognition. There is an inherent risk of fraud given the voluminous transactions and discounts and rebates on the products affecting the revenue recognised for the year.

According to the revenue recognition policy, revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

We identified the recognition of revenue as a key audit matter, because of the voluminous transactions to various customers across the region. The potential errors in the timing and accuracy of revenue recognition at the parent company and Group, could result in material misstatements in the financial statements of the parent company and Group when it recognises revenue.

Refer to notes 3 and 34 for more details about revenue recognized during the year

#### How our audit addressed the Key audit matter

Our procedures in relation to revenue recognition are as follows:

- Understood and evaluated the design and implementation of the internal controls over revenue recognition and tested the operating effectiveness of controls.
- Understood, evaluated and tested the Group's accounting policies against the requirements of IFRSs, our understanding of the business and related industry practice.
- Understood the terms of the revenue contracts of the Group with their customers.
- Performed test of details to verify occurrence and accuracy of revenue transactions on a sample basis.
- Performed sales cut-off procedures and selected a sample of invoices before and after year-end to test whether sales are recorded in the appropriate period.
- Obtained and inspected, on a sample basis, a confirmation from customers and agreeing them to the accounting records.
- Evaluated the disclosures relating to revenue to determine if they are in compliance with the requirements of IFRSs.

### Other information

The Board of Directors ("the Board") is responsible for the other information. The other information comprises the Board of Directors' Report, the Corporate Governance Report and Management's Discussion and Analysis Report. We obtained these reports prior to the auditor's report. The other information does not include the financial statements and our auditor's report thereon.

## **Independent auditor's report to the Shareholders of Oman Refreshment Company SAOG (continued)**

### **Other information (continued)**

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Board of Directors and those charged with governance for the parent company and consolidated financial statements**

The Board is responsible for the preparation and fair presentation of the parent company and consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the relevant requirements of the Capital Market Authority of the Sultanate of Oman and the applicable provisions of the Commercial Companies Law of 2019, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the parent company's and the Group's financial reporting process.

### **Auditor's responsibilities for the audit of the parent company and consolidated financial statements**

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

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### **Auditor's responsibilities for the audit of the parent company and consolidated financial statements (continued)**

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

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

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

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**Auditor's responsibilities for the audit of the parent company and consolidated financial statements  
(continued)**

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the those charged with the governance, we determine those matters that were of most significance in the audit of the parent company and consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

Further, we report that the parent company and consolidated financial statements comply, in all material respects, with the relevant disclosure requirements of the Commercial Companies Law of 2019 and the disclosure requirements issued by the Capital Market Authority.

*Deloitte & Touche*  
Deloitte & Touche (M.E.) & Co. LLC  
Muscat, Sultanate of Oman  
10 February 2021

*Singhal*  
Signed by  
Sachin Singhal  
Partner

