Notes to the separate and consolidated financial statements
for the year ended 31 December 2023

1. Legal status and principal activities

Oman Refreshment Company SAOG (the "Parent Company" or "Company") is an Omani Joint Stock Company registered in the Sultanate of Oman on 25 July 1977 under the commercial registration No. 01/05440/06. The Company's Head Office is located at Al Ghubra and its registered address is P.O. Box 30, CPO Airport, Postal code 111, Sultanate of Oman.

The principal activities of the Parent Company are filling and distribution of soft drinks and trading in consumer-packaged goods and related products primarily in the Sultanate of Oman. The Parent Company holds the franchise for filling and distribution of the entire range of Pepsi products in the Sultanate of Oman. It also sells to other Gulf Corporation Council (GCC) countries and Africa through its distribution channel.

The Parent Company has investments in subsidiaries (refer note 8 for investment in subsidiaries).

Together, the Parent Company and its subsidiaries are referred to as the "Group".

2. New and revised Standards or Interpretations

2.1 New Standards adopted as at 1 January 2023

Some accounting pronouncements which have become effective from 1 January 2023 and have therefore been adopted do not have a significant impact on the Group's financial results or position.

2.2 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group

During the year, International Sustainability Standards Board (ISSB) has published IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, effective for annual period beginning on or after 1 January 2024 with earlier application permitted. Capital Market Authority of Oman has announced the application of above standards as voluntary for all listed companies for the year 2023. The Group has opted to adopt the above standards from the year 2024.

At the date of authorisation of these separate and consolidated financial statements, several other new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Group and no Interpretations have been issued that are applicable and need to be taken into consideration by the Group at either reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the separate and consolidated financial statements.

3. Material accounting policies

3.1 Statement of compliance

These separate and the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the requirements of the Commercial Companies Law, 2019 of the Sultanate of Oman and comply with the disclosure requirements of the Capital Market Authority (CMA) of the Sultanate of Oman.

3.2 Going concern

The directors have, at the time of approving the separate and consolidated financial statements, have reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the separate and consolidated financial statements.

3.3 Basis of preparation

These separate and consolidated financial statements are prepared on the historical cost basis, except for certain financial instruments measured at fair value, right-of-use asset and lease liability which are measured at present value of future lease payments. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these separate and consolidated financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly: and
- Level 3 inputs are unobservable inputs for the asset or liability.

These separate and consolidated financial statements have been presented in Rial Omani which is the functional and presentation currency.

The principal accounting policies of the Group applied in the preparation of these financial statement are set out below:

3. Material accounting policies (continued)

3.4 Consolidation

Subsidiaries are all entities over which the Parent Company has control. The Parent Company controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceased.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-Company transactions, balances, and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3. Material accounting policies (continued)

3.5 Revenue recognition

Revenue from contract with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Group considers the existence of significant financing components. Generally, the Group has contractual payment terms of 30 to 120 days. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays for that good or service will be one year or less

Sale of goods
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. The normal credit term is 30 to 60 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Variable consideration
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer, The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

Rights to return
Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

3. Material accounting policies (continued)

3.5 Revenue recognition (continued)

Volume rebates
The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold.

The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

3.6 Interest income and expense

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method and interest received on funds invested. Financing costs are recognised as an expense in the separate and consolidated statement of comprehensive income in the period in which they are incurred.

Interest income is recognised in the separate and consolidated statement of comprehensive income as it accrues, taking into account the effective yield on the asset.

3.7 Earnings and net assets per share

The Group presents earnings per share (“EPS”) and net assets per share data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary Shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. 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. Net assets per share is calculated by dividing the net assets attributable to ordinary Shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period.

3.8 Directors’ remuneration

Directors’ remuneration has been computed in accordance with the Commercial Companies Law and as per the requirements of Capital Market Authority.

3.9 Dividend distribution

The Board of Directors of the Group recommends to the Shareholders the dividend to be paid out of the Group’s profits. The Directors take into account appropriate parameters including the requirements of the Commercial Companies Law of 2019 and other relevant directives issued by CMA while recommending the dividend. Dividends are recognised as a liability when declared and approved.

3. Material accounting policies (continued)

3.10 Income tax

Income tax expense comprises of current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI. Interest and penalties related to income taxes, including uncertain tax treatments, are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current tax
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

3.11 Value-added tax (VAT)

Expenses, and assets are recognised net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables, amounts are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables in the separate and consolidated statement of financial position.

3. Material accounting policies (continued)

3.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. All other borrowing costs are recognised as expenses in profit or loss in the period in which they are incurred.

3.13 Property, plant and equipment

Recognition and measurement
Property, plant and equipment is stated at cost less accumulated depreciation and impairment, if any. The cost of property, plant and equipment is the purchase price together with any incidental expenses. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the separate and consolidated statement of comprehensive income during the financial year in which they are incurred.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost includes any other cost that is directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within "other income" in the separate and consolidated statement of comprehensive income.

3. Material accounting policies (continued)

3.13 Property, plant and equipment (continued)

Subsequent costs
The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the separate and consolidated statement of comprehensive income as incurred.

Depreciation
Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised in the separate and consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of the property, plant and equipment.

The estimated useful lives are as follows:

Buildings	10 - 20 years
Leasehold improvements	2 - 5 years
Plant and machinery	3 - 20 years
Motor vehicles	3 - 7 years
Tools and equipment	3 - 20 years
Furniture, fixtures and office equipment	2 - 5 years
Coolers	5 - 7 years

Land is not depreciated as it is deemed to have indefinite life.

Capital work-in-progress is not depreciated until it is transferred into one of the above categories at the time when it is ready for use.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively if appropriate.

3.14 Intangible assets

Goodwill
Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

3. Material accounting policies (continued)

3.14 Intangible assets (continued)

Customer contracts
Customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. They are recognised at their fair value at the date of acquisition and are subsequently amortised over a period of 5 years on a straight-line basis.

3.15 Investments in subsidiaries

Classification
Subsidiaries are all entities over which the Parent Company has control. The Parent Company controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Valuation
In the separate financial statements, investments in subsidiaries are stated at cost less any diminution in the value of specific investment, which is other than temporary. Investment income is accounted for in the year in which entitlement is established.

3.16 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its assets (or cash-generating units) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The loss arising on an impairment of an asset is determined as the difference between the recoverable amount and carrying amount of the asset and is recognised immediately in the separate and consolidated statement of profit or loss and comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount and the increase is recognised as income immediately, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised earlier.

3.17 Financial instruments

Financial assets

Classification
The Group on initial recognition classifies its non-derivative financial instruments in the following measurement categories:
- those to be measured subsequently at fair value (either through other comprehensive income (FVOCI), or through profit or loss (FVTPL), and
- those to be measured at amortised cost.

3. Material accounting policies (continued)

3.17 Financial instruments (continued)

Financial assets (continued)

Classification (continued)

The classification depends on the entity's business model for managing the financial instruments and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the separate and consolidated statement of profit or loss.

3. Material accounting policies (continued)

3.17 Financial instruments (continued)

Financial assets (continued)

Measurement (continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the separate and consolidated statement of profit or loss.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments
The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the separate and consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment
The Group assesses on a forward-looking basis the expected credit loss associated with its financial instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

3. Material accounting policies (continued)

3.18 Cash and cash equivalents

Cash and cash equivalents comprise of cash at hand, bank balances and short-term deposits with an original maturity of three months or less. Bank overdrafts (if any) that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the separate and consolidated statement of cash flows.

3.19 Inventories and goods in transit

Inventories are measured at the lower of cost and net realisable value. The cost of raw material represents the weighted average cost of materials purchased and includes the invoice value plus all direct expenses incurred in bringing the inventories to their present condition and location. Finished goods and work-in-progress cost includes direct labor and an appropriate share of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The liability for goods in transit is recorded when significant risks and rewards of ownership of the goods are transferred to the Group.

3.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the separate and consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, it carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Employees' end of service benefits
A provision is made for employees' end of service benefits which is payable on completion of employment. The provision is calculated in accordance with Labor Law of Sultanate of Oman based on employees' salary and accumulated period of service as at the reporting date.

3.21 Foreign exchange difference

In preparing the separate and consolidated financial statements of the Group, transactions in currencies other than the functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

3. Material accounting policies (continued)

3.21 Foreign exchange difference (continued)

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except as otherwise stated in the Standards.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

The assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity.

3.22 Segment reporting

An operating segment is component of the Group 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 Group's other components. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors ('Board') that make strategic decisions. All operating segment results are reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. For more details on segment reporting refer note 32.

4. Critical accounting judgements and key source of estimation uncertainty

In applying the Parent and Group's accounting policies, which are described in note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. Critical accounting judgements and key source of estimation uncertainty (continued)

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in separate and consolidated financial statements.

Critical accounting judgements

4.1 Business combinations

To allocate the cost of a business combination management exercises significant judgment to determine identifiable assets and liabilities and contingent liabilities whose fair value can be reliably measured, to determine provisional values on initial accounting and final values of a business combination and to determine the amount of goodwill and the Cash Generating Unit to which it should be allocated.

4.2 Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised.

Key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

4.3 Useful lives of depreciable and right of use assets

Depreciation is calculated so as to allocate the cost of assets less residual value over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates.

4.4 Expected credit losses

When measuring expected credit losses the Group 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. The Group uses estimates for the computation of loss rates. Refer the detailed note on assumptions used by management given in note 35.

Loss allowances for financial assets are based on assumptions about probability and risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

4. Critical accounting judgements and key source of estimation uncertainty (continued)

Key source of estimation uncertainty (continued)

4.5 Goodwill and investment in subsidiary

The management follows the guidance of IAS 36 to determine when an investment in a subsidiary is impaired. This determination requires significant judgement and in making this judgement, the management evaluates, among other factors, the carrying amount of the entity's net assets and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The Board of Directors test annually whether goodwill and investment in subsidiary have suffered any impairment in accordance with IAS 36, 'Impairment of Assets' which require the use of estimates.

4.6 Income tax

Uncertainties exist with respect to interpretation of the tax regulations and the amount of timing of future taxable income. Given the wide range of business relationship and nature of existing contractual agreements, differences arising between the actual result and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimate, for possible consequences of the finalisation of the tax assessment of the Group. The amount of such provision is based on various factors, such as experience of previous assessment and differing interpretations of tax regulations by the taxable entity and the responsible Tax Authority.

4.7 Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Oman Refreshment Company SAOG and its Subsidiaries

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for the year ended 31 December 2023

5. Property, plant and equipment

Parent	Land and buildings RO	Leasehold improvements RO	Plant and machinery RO	Motor vehicles RO	Tools and equipment RO	Furniture, fixtures and office equipment RO	Coolers RO	Capital work-in-progress RO	Total RO
Cost									
At 1 January 2022	16,593,227	82,780	29,660,455	5,122,251	62,471	4,170,626	4,433,618	2,200,726	62,326,154
Additions	2,919,241	-	744,466	128,170	-	763,840	123,742	-	4,679,459
Disposals	-	-	-	(240,750)	-	(20,515)	(201,231)	-	(462,496)
Transfers	636,233	-	-	-	-	-	-	(636,233)	-
At 1 January 2023	20,148,701	82,780	30,404,921	5,009,671	62,471	4,913,951	4,356,129	1,564,493	66,543,117
Additions	**194,880**	-	**915,372**	**219,957**	-	**90,707**	**466,793**	**-**	**1,887,709**
Transfers	**-**	**-**	**1,030,264**	**82,983**	**-**	**79,899**	**-**	**(1,193,146)**	**-**
At 31 December 2023	**20,343,581**	**82,780**	**32,350,557**	**5,312,611**	**62,471**	**5,084,557**	**4,822,922**	**371,347**	**68,430,826**
Accumulated depreciation									
At 1 January 2022	4,169,622	82,780	18,741,962	4,303,326	62,471	3,410,462	3,931,907	-	34,702,530
Charge for the year	380,592	-	1,348,144	207,663	-	223,706	206,205	-	2,366,310
Disposals	-	-	-	(240,750)	-	(20,515)	(201,231)	-	(462,496)
At 1 January 2023	4,550,214	82,780	20,090,106	4,270,239	62,471	3,613,653	3,936,881	-	36,606,344
Charge for the year	448,555	-	1,585,408	204,767	-	287,181	157,045	-	**2,682,956**
At 31 December 2023	**4,998,769**	**82,780**	**21,675,514**	**4,475,006**	**62,471**	**3,900,834**	**4,093,926**	**-**	**39,289,300**
Carrying amount									
At 31 December 2023	**15,344,812**	-	**10,675,043**	**837,605**	-	**1,183,723**	**728,996**	**371,347**	**29,141,526**
At 31 December 2022	15,598,487	-	10,314,815	739,432	-	1,300,298	419,248	1,564,493	29,936,773

5. Property, plant and equipment (continued)

Group	Land and buildings RO	Leasehold improvements RO	Plant and machinery RO	Motor vehicles RO	Tools and equipment RO	Furniture, fixtures and office equipment RO	Coolers RO	Capital work-in-progress RO	Total RO
Cost									
At 1 January 2022	34,347,142	82,780	51,882,841	6,587,233	3,919,124	4,348,540	7,648,086	2,416,243	111,231,989
Additions	2,938,296	-	953,618	240,788	45,929	808,806	909,870	130,809	6,028,116
Reclassifications	8,040,857	-	(8,362,512)	504,647	(788,843)	228,701	(166,302)	(1)	(543,453)
Disposals	(46,460)	-	(60,023)	(297,711)	-	(21,474)	(201,231)	(154,494)	(781,393)
Transfers	636,233	-	-	-	-	-	-	(636,233)	-
Foreign exchange translation	306,794	-	158,410	24,287	38,085	6,236	64,225	1,732	599,769
1 January 2023	46,222,862	82,780	44,572,334	7,059,244	3,214,295	5,370,809	8,254,648	1,758,056	116,535,028
Additions	**209,111**	-	**1,988,492**	**258,350**	**214,932**	**161,055**	**2,802,888**	**421,344**	**6,056,172**
Disposals	**-**	-	**(224,706)**	**(160,371)**	**(152)**	**-**	**-**	**(175,906)**	**(561,135)**
Transfers	**-**	-	**1,030,264**	**82,983**	**-**	**79,899**	**-**	**(1,193,146)**	**-**
Foreign exchange translation	**560,413**	-	**296,069**	**40,141**	**70,152**	**10,384**	**113,056**	**7,236**	**1,097,451**
At 31 December 2023	**46,992,386**	**82,780**	**47,662,453**	**7,280,347**	**3,499,227**	**5,622,147**	**11,170,592**	**817,584**	**123,127,516**
Accumulated depreciation									
At 1 January 2022	4,169,622	82,780	32,790,875	5,607,631	3,626,828	3,462,249	6,423,417	-	56,163,402
Charge for the year	596,689	-	2,117,462	351,548	94,298	273,234	487,414	-	3,920,645
Reclassifications	4,556,265	-	(4,921,638)	412,348	(643,973)	246,734	(160,338)	-	(510,602)
Disposals	(14,779)	-	(174,622)	(271,106)	(2,968)	(22,488)	(201,231)	-	(687,194)
Foreign exchange translation	61,496	-	121,031	23,259	37,925	5,067	37,778	-	286,556
At 1 January 2023	9,369,293	82,780	29,933,108	6,123,680	3,112,110	3,964,796	6,587,040	-	59,172,807
Charge for the year	**926,909**	-	**2,431,301**	**300,909**	**117,640**	**336,809**	**675,658**	-	**4,789,226**
Disposals	**-**	-	**(7,757)**	**(167,591)**	**(152)**	**-**	**-**	-	**(175,500)**
Foreign exchange translation	**109,542**	-	**206,982**	**36,981**	**66,762**	**7,941**	**63,445**	-	**491,653**
At 31 December 2023	**10,405,744**	**82,780**	**32,563,634**	**6,293,979**	**3,296,360**	**4,309,546**	**7,326,143**	-	**64,278,186**
Carrying amount									
At 31 December 2023	**36,586,642**	-	**15,098,819**	**986,368**	**202,867**	**1,312,601**	**3,844,449**	**817,584**	**58,849,330**
At 31 December 2022	36,853,569	-	14,639,226	935,564	102,185	1,406,013	1,667,608	1,758,056	57,362,221

5. Property, plant and equipment (continued)

(a) Land costing RO 56,010 in Sohar, RO 337,912 in Barka and RO 42,000 in Ibri are registered in the names of two Directors for the beneficial interest of the Parent Company. The Directors are in process of completing the formalities to transfer legal title to the Parent Company.

(b) Capital work-in-progress represents advances paid to contractors for the construction of new warehouses, staff accommodation near the warehouses and to consultants for preparation and approval of construction drawings for depots. The transferred amount from capital work-in-progress relates to additions in the building and warehousing facilities.

(c) Lands of Oran and Rouiba in Algeria are secured against the term loan (note 18).

5.1 The depreciation charge for the year is allocated as follows:

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Cost of sales (note 23)	**1,606,456**	1,463,637	**2,885,158**	2,358,079
Selling and distribution expenses (note 24)	**803,591**	686,141	**1,471,616**	1,176,765
General and administrative expenses (note 25)	**272,909**	216,532	**432,452**	385,801
	2,682,956	2,366,310	**4,789,226**	3,920,645

6. Intangible assets

	Group			
	Goodwill RO	**Customer contracts RO**	**Other intangible assets RO**	**Total RO**
2023				
Cost				
At 1 January	**1,370,997**	**50,000**	**77,769**	**1,498,766**
Amortized during the year	**-**	**(50,000)**	**(23,890)**	**(73,890)**
Translation of goodwill	**19,494**	**-**	**-**	**19,494**
At 31 December	**1,390,491**	**-**	**53,879**	**1,444,370**
2022				
At 1 January	1,360,300	100,000	-	1,460,300
Acquisition of a subsidiary	-	-	77,769	77,769
Adjustment of provisional goodwill	-	(50,000)	-	(50,000)
Amortized during the year	10,697	-	-	10,697
At 31 December	1,370,997	50,000	77,769	1,498,766

Goodwill includes RO 463,714 related to acquisition of Arabian Vending Company LLC in 2018. The cash flows used for impairment testing are discounted at a rate of 5% (2022: 5%), based on the Group's latest budget and forecast cash flows using growth rate of 10% (2022: 10%), covering a five-year period, which have regard to historic performance and knowledge of the current market, together with the Group's views on the future achievable growth and the impact of committed cash flows. No impairment was identified as a result of the impairment test as the recoverable amounts exceeded carrying value of Arabian Auto Vending Company LLC, which is considered as a Cash Generating Unit (CGU).

6. Intangible assets (continued)

Balance goodwill of RO 926,777 relates to Atlas Bottling Corporation Limited. In 2021, the Parent Company had acquired 100% of the voting rights in Atlas Bottling Corporation Limited (the "Subsidiary") through its wholly owned subsidiaries ORC Company Holdings Limited and ORC North Africa Limited S.A.S. for a consideration of RO 23,100,000. During 2021, management had performed initial accounting for the acquisition of the Subsidiary by applying purchase method of accounting because the fair values to be assigned to the Company's majority of the identifiable assets and liabilities could only be determined provisionally. The provisional goodwill determined was RO 12,720,484. In accordance with the provisions of IFRS 3, the Group had performed a final purchase price allocation in 2022 and have determined adjustments to the fair value of net assets acquired.

The customer contracts were acquired as part of the acquisition of Arabian Vending Company LLC. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line over a period of 5 years.

7. Right-of-use asset

The Group has recognized right-of-use asset on lease of parking space.

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Cost				
At 1 January	-	37,221	**135,887**	134,724
Foreign exchange translation	-	-	**2,120**	1,163
At 31 December	-	37,221	**138,007**	135,887
Accumulated depreciation				
At 1 January	-	37,221	**92,327**	64,449
Charge for the year	-	-	**25,388**	27,228
Foreign exchange translation	-	-	**1,502**	650
At 31 December	-	37,221	**119,217**	92,327
Net carrying amount				
As at 31 December	-	-	**18,790**	43,560

8. Investment in subsidiaries

	Parent	
	2023	2022
	RO	RO
Al Rawdah Integrated Trade & Investment Enterprises LLC	**100,000**	100,000
Arabian Auto Vending Company LLC	**630,000**	630,000
ORC Company Holdings Ltd.	**39**	39
	730,039	730,039

8. Investment in subsidiaries (continued)

Information about subsidiaries

Subsidiary	Country of Incorporation	Nature of business
Al Rawdah Integrated Trade & Investment Enterprises LLC	Sultanate of Oman	Engaged in buying, selling and sub-dividing real estate into plots, renting and operating self-owned or leased real estate (residential and non-residential), real estate appraisal, export and import offices, business agencies (excluding portfolio and securities), renting of commercial equipment and professional machinery.
Arabian Vending Machine LLC	Sultanate of Oman	Engaged in sale of vending machines and providing quality vending products.
ORC Company Holdings Ltd.	United Arab Emirates	Company incorporated for investment in Atlas Bottling Corporation.
Subsidiary company of ORC Company Holdings Ltd.		
Atlas Bottling Corporation Limited	Algeria	Engaged in manufacturing and distribution of PepsiCo products in Algeria.
ORC North Africa	France	Company for investment in Atlas Bottling Corporation.

(i) The Parent Company registered a subsidiary Al Rawdah Integrated Trade & Investment Enterprises LLC in Oman together with two other directors of the Parent Company as its Shareholders during the year 2011. The two directors jointly own 70% of the shareholding in this subsidiary beneficially for and on behalf of the Parent Company, resulting in it as a wholly owned subsidiary of the Parent Company. There were no commercial activities undertaken by the subsidiary since the inception.

(ii) During 2018, the Parent Company acquired 100% of the issued share capital of Arabian Auto Vending Co. LLC, a limited liability company registered with the Ministry of Commerce and Industry in accordance with the provisions of Commercial Companies Law 2019, of the Sultanate of Oman.

(iii) On 31 August 2021, ORC Company Holdings Ltd. (“ORCH”) which is wholly owned subsidiary company incorporated by the Parent Company acquired 100% control of Atlas Bottling Corporation Limited (“ABC”). To acquire 100% shareholding of ABC, ORCH bought 66.67% shareholding directly in ABC from erstwhile Shareholder and ORC North Africa Limited S.A.S (“ORCNA”) acquired 33% shareholding in ABC.

9. Term deposits

	Parent and Group			
	Current portion		Non-current portion	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Term deposits	**22,000,000**	30,925,100	**-**	**-**
Less: provision for expected credit losses	**-**	-	**-**	**-**
	22,000,000	30,925,100	**-**	**-**

The movement in provision for expected credit losses for term deposits during the year is as follows:

	Parent and Group	
	2023	2022
	RO	RO
At 1 January	-	118,593
Reversal	-	(118,593)
At 31 December	-	-

The term deposits carry interest at rates at 3.25% - 5.50% p.a (2022: 3% - 5.70% p.a), will be matured within 12 months from the reported date and are secured against the fixed deposits (note 18).

10. Financial assets at fair value through profit or loss

Classification of financial assets at fair value through profit or loss
The Group classifies the following financial assets at fair value through profit or loss (FVTPL):

- equity investments that are held for trading; and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Equity investments at fair value through profit and loss
Equity investment at FVTPL comprise the following investments:

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Listed securities				
Bank Nizwa SAOG	**13,765**	13,765	**13,765**	13,765
Others	-	-	**64**	62
	13,765	13,765	**13,829**	13,827

During the year, there is no material variance in the fair value of financial assets recognized through profit or loss.

Oman Refreshment Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements
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11. Inventories

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Raw and packing materials	**5,950,707**	7,319,708	**8,981,707**	9,276,257
Finished goods	**3,521,591**	7,767,075	**4,843,969**	8,798,820
Stores, spares and consumables	**862,942**	733,393	**3,320,001**	2,678,468
Trading items	**1,445,322**	1,016,660	**1,445,322**	1,016,660
	11,780,562	16,836,836	**18,590,999**	21,770,205
Less: provision for slow-moving inventories	**(131,333)**	(37,333)	**(468,366)**	(355,756)
	11,649,229	16,799,503	**18,122,633**	21,414,449

The movement in provision for slow-moving inventories is as follows:

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
At 1 January	**37,333**	217,368	**355,756**	678,596
Provided/(reversed) during the year	**94,000**	(180,035)	**106,100**	(323,170)
Foreign exchange translation	**-**	-	**6,510**	330
At 31 December	**131,333**	37,333	**468,366**	355,756

12. Trade and other receivables

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Trade receivables	**4,386,971**	6,257,353	**9,530,276**	11,198,248
Less: Provision for expected credit losses	**(810,580)**	(810,580)	**(5,802,777)**	(5,960,901)
	3,576,391	5,446,773	**3,727,499**	5,237,347
Other receivables	**4,588,825**	4,793,972	**4,815,013**	7,028,768
Other current assets	**1,487,447**	640,855	**1,504,233**	1,283,416
	9,652,663	10,881,600	**10,046,745**	13,549,531

The exposure of trade receivables is set out below:

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Not past due	**1,798,863**	3,519,950	**2,465,949**	3,728,862
Due up to 90 days	**2,250,627**	2,527,431	**3,052,656**	3,182,941
More than 90 days	**337,481**	209,972	**4,011,671**	4,286,445
	4,386,971	6,257,353	**9,530,276**	11,198,248

12. Trade and other receivables (continued)

Movement in provision for expected credit losses is as follows:

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
At 1 January	**810,580**	925,931	**5,960,901**	6,909,239
Reversal for the year	**-**	(115,351)	**(263,772)**	(987,480)
Foreign exchange translation	**-**	-	**105,648**	39,142
At 31 December	**810,580**	810,580	**5,802,777**	5,960,901

Note 35 (d) includes disclosures relating to the credit risk exposures.

Classification as trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 – 60 days and therefore are all classified as current. These receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

Carrying and fair values of trade receivables

The carrying amounts of the Group's trade receivables are denominated in Rial Omani and Algerian Dinar. Due to the short-term nature of the current receivables, their carrying amount approximate their fair value.

Classification of other receivables

The Group classifies its other receivables at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Other receivables include the following:

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Marketing and deposit receivables	**2,812,523**	3,236,130	**3,737,132**	6,051,208
Accrued bank interest income	**893,675**	775,853	**893,675**	779,624
Due from employees	**184,540**	195,653	**184,206**	197,936
Due from a subsidiary (note 33)	**698,087**	586,336	**-**	-
	4,588,825	4,793,972	**4,815,013**	7,028,768

Carrying and fair values of other receivables

The carrying amounts of the Group's other receivables are denominated in Rial Omani and Algerian Dinar. Due to the short-term nature of the current receivables, their carrying amount approximates to their fair value.

Oman Refreshment Company SAOG and its Subsidiaries

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12. Trade and other receivables (continued)

Details of other current assets are as follows:

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Advances to suppliers	**636,734**	452,493	**653,520**	1,087,375
Other deposits and prepayments	**405,706**	188,362	**405,706**	196,041
VAT refundable	**445,007**	-	**445,007**	-
	1,487,447	640,855	**1,504,233**	1,283,416

13. Cash and cash equivalents

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Cash at bank	**1,517,266**	11,555,878	**2,315,007**	12,211,707
Cash in hand	**7,000**	7,000	**9,876**	9,791
	1,524,266	11,562,878	**2,324,883**	12,221,498

Cash and cash equivalents include cash in hand, cash at banks, including deposits with a maturity of three months or less from the date of placement. Deposit accounts are maintained with commercial banks in the Sultanate of Oman and earn interest at commercial rates.

14. Share capital

The Parent Company's authorised share capital comprises of 100,000,000 (2022: 100,000,000) ordinary shares of 100 baisa each amounting to RO 10,000,000 and the issued share capital comprises 50,000,000 (2022: 50,000,000) fully paid-up shares of 100 baisa each amounting to RO 5,000,000.

The Parent Company has only one class of ordinary shares, which rank equally with regard to its residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at Company meetings.

Details of Shareholders who own 10% or more of the Parent Company's share capital are as follows:

	Shares held		% Share holding	
	2023	2022	**2023**	2022
Mohamed & Obaid Al Mulla LLC	**8,556,665**	8,421,665	**17.11**	16.84
Dubai Refreshments PSC	**7,110,470**	7,110,470	**14.22**	14.22

15. Legal reserve

In accordance with the Commercial Companies Law of Sultanate of Oman, 2019, annual appropriations of 10% of the profit for the year are made to this reserve until the accumulated balance of the reserve is equal to one-third of the Company's paid-up share capital. This being achieved, the Parent Company has discontinued the transfer. The legal reserve is not available for distribution.

16. Foreign exchange translation reserve

The exchange differences relating to translation of assets and liabilities from functional currency of the Group's foreign operations into Rials Omani (RO) are recorded directly in the foreign exchange translation reserve.

17. General reserve

In accordance with Article 133 of the Commercial Companies Law of Sultanate of Oman, 2019, the General reserve is an optional reserve established by transferring 20% of the profits for the year after deduction of taxes and the legal reserve. This reserve is available for distribution to Shareholders upon the recommendation of the Board of Directors. The Board of Directors has proposed RO Nil transfer for the year ended 31 December 2023 (2022: RO Nil).

18. Term loans

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Term loans	**6,804,470**	10,000,000	**7,602,663**	11,161,677
Less: current portion of term loans	**(3,540,000)**	(3,196,231)	**(3,846,554)**	(3,777,070)
Non-current portion of term loans	**3,264,470**	6,803,769	**3,756,109**	7,384,607
Current portion of term loans	**3,540,000**	3,196,231	**3,846,554**	3,777,070
Short-term loans	**-**	15,700,400	**8,275,428**	24,273,302
Current portion of term loans	**3,540,000**	18,896,631	**12,121,982**	28,050,372

(a) Term loan availed by Parent Company

Term loan:

Parent Company had availed term loan for the purpose of settling existing loan from another commercial bank, at an annual fixed interest rate of 4.15% p.a. This term loan is repayable over 36 months starting from the date of drawdown in equal monthly instalments.

The term loan of Parent Company is secured against the fixed deposits (note 9).

18. Term loans (continued)

(a) Term loans availed by Parent Company (continued)

Short-term loans:
The short-term loans availed by the Parent Company are due to mature within 12 months from the date of drawdown. These short-term loans have been availed at the interest rate of 4.5%.

There are no financial covenants pertaining to short-term loans availed by the Parent Company.

(b) Term loans availed by a subsidiary:

Term loans:
ABC Limited availed term loans from various banks for the purpose of working capital management and capital investment at annual interest rates ranging from 3.5% to 7.25% pa. The term loans are repayable over 24 months, payment will be on quarterly equal installments. The loans are secured against land of Oran and Rouiba in Algeria (note 5c).

Short-term loans:
The short-term loans availed by ABC Limited are due to mature within 12 months from the date of drawdown. These short-term loans have been availed at the interest rate of 4.25%.

19. Lease liability

The Group recognized lease liability in relation to the lease of parking space. This liability is measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate 5%.

	Group	
	2023	2022
	RO	RO
At 1 January	**47,880**	70,275
Finance cost	**2,252**	-
Lease rentals paid	**(28,876)**	(22,908)
Foreign exchange translation	**695**	513
At 31 December	**21,951**	47,880

The maturity of lease liability is as follows:

	Group	
	2023	2022
	RO	RO
Not later than 1 year	**12,227**	12,719
Later than 1 year and not later than 5 years	**9,724**	35,161
	21,951	47,880

20. Employees' end of service benefits

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
At 1 January	**1,350,073**	1,343,409	**1,365,376**	1,355,610
Provision during the year (note 26)	**428,621**	196,904	**458,675**	202,375
Payments	**(168,500)**	(190,240)	**(187,035)**	(192,653)
Foreign exchange translation	**-**	-	**119**	44
At 31 December	**1,610,194**	1,350,073	**1,637,135**	1,365,376

21. Trade and other payables

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Trade and other payables	**2,612,144**	4,087,312	**6,111,396**	9,354,840
Accrued expenses	**1,667,682**	2,392,937	**4,331,136**	2,834,672
Provision for leave pay and air passage	**414,920**	148,948	**625,613**	359,641
Directors' remuneration and sitting fees	**203,410**	187,810	**203,410**	187,810
Excise tax payable	**4,875,349**	9,821,990	**4,875,349**	9,821,990
VAT payable	**-**	693,852	**21,422**	693,852
Advances from export customers	**57,283**	102,539	**57,283**	318,247
Payable to a subsidiary (note 33)	**100,000**	100,000	**-**	-
	9,930,788	17,535,388	**16,225,609**	23,571,052

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

All amounts are short-term. The net carrying value of trade and other payables is considered a reasonable approximation of fair value.

22. Taxation

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Current tax:				
Current year	**714,118**	1,203,300	**905,291**	1,232,669
Deferred tax:				
Current year	**74,810**	167,108	**99,892**	58,487
	788,928	1,370,408	**1,005,183**	1,291,156

22. Taxation (continued)

The Parent Company and subsidiaries in the Sultanate of Oman are subject to income tax at the rate of 15% of taxable profit (2022: 15%) in accordance with the Income Tax Laws of the Sultanate of Oman. The following is reconciliation between income taxes calculated on accounting profit at the applicable tax rates with the income tax expense for the year:

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Profit before tax	**5,267,900**	9,149,245	**7,322,763**	8,988,730
Tax on accounting profit	**790,185**	1,372,387	**1,098,414**	1,348,310
Deductible tax effect of:				
Income not subject to tax	**-**	-	-	-
Expenses not deductible	**(1,257)**	(1,979)	**(93,231)**	(57,154)
	788,928	1,370,408	**1,005,183**	1,291,156

The Parent Company's income tax assessments for the tax years up to 2020 have been finalized by the Secretariat General for Taxation. The management is of the opinion that additional taxes, if any, that may be assessed on completion of the assessments for the open tax years would not be significant to the Parent and Group's financial position as of 31 December 2023.

The assessments of subsidiaries with the Oman Tax Authorities are at different stages of completion.

The Parent Company and each of its subsidiaries are assessed separately for taxation. The Group as an entity is not taxable.

The movement in provision for taxation is as follows:

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Opening balance	**1,251,793**	1,518,390	**1,286,765**	1,535,120
Provided during the year	**714,118**	1,203,300	**905,291**	1,232,669
Paid during the year	**(1,202,948)**	(1,469,897)	**(1,390,473)**	(1,481,024)
Closing balance	**762,963**	1,251,793	**801,583**	1,286,765

Deferred tax is calculated on all temporary differences between the carrying amounts of assets and liabilities and tax base using a principal tax rate of 15% (2022: 15%).

22. Taxation (continued)

Movement in the temporary differences during the year for Parent Company are as follows:

	1 January RO	Movement during the year RO	31 December RO
Parent			
2023			
Deferred tax (liabilities)/assets			
Accumulated tax depreciation	**(457,360)**	**(88,908)**	**(546,268)**
Tax effect of provision for:			
- impairment of trade receivables	**121,632**	**-**	**121,632**
- slow-moving and obsolete stock	**5,501**	**14,100**	**19,601**
- impairment of property, plant and equipment	**64,130**	**(2)**	**64,128**
	(266,097)	**(74,810)**	**(340,907)**
Parent			
2022			
Deferred tax (liabilities)/assets			
Accumulated tax depreciation	(362,938)	(94,422)	(457,360)
Tax effect of provision for:			
- impairment of trade receivables	167,486	(45,854)	121,632
- slow-moving and obsolete stock	32,333	(26,832)	5,501
- impairment of property, plant and equipment	64,130	-	64,130
	(98,989)	(167,108)	(266,097)

23. Cost of sales

	Parent		Group	
	2023 RO	2022 RO	**2023 RO**	2022 RO
Direct material costs	**32,248,004**	36,412,597	**48,282,623**	48,626,695
Cost of trading items	**8,563,491**	6,986,666	**8,921,401**	7,300,364
Employee related expenses (note 26)	**2,352,112**	2,313,557	**3,079,700**	2,906,085
Other direct expenses	**2,506,491**	2,364,911	**4,091,336**	3,151,873
Depreciation (note 5.1)	**1,606,456**	1,463,637	**2,885,158**	2,358,079
	47,276,554	49,541,368	**67,260,218**	64,343,096

24. Selling and distribution expenses

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Employee related expenses (note 26)	**6,790,096**	7,309,609	**8,846,114**	8,949,175
Advertising and promotion expenses	**3,076,627**	4,138,244	**1,612,541**	2,246,739
Transportation expenses	**1,299,549**	1,620,591	**1,538,590**	2,455,215
Vehicle expenses	**1,335,186**	1,224,637	**1,476,463**	1,345,345
Depreciation (note 5.1)	**803,591**	686,141	**1,471,616**	1,176,765
Utility expenses	**335,692**	318,381	**442,361**	412,306
Repairs and maintenance expenses	**142,549**	138,248	**275,698**	227,180
Entertainment and traveling expenses	**72,781**	77,003	**103,916**	110,927
Communication expenses	**32,015**	39,615	**52,944**	64,576
Printing and stationery expenses	**32,988**	22,623	**36,160**	28,269
Amortization of intangible assets (note 6)	**-**	-	**73,890**	50,000
Miscellaneous expenses	**733,916**	470,500	**1,877,510**	559,239
	14,654,990	16,045,592	**17,807,803**	17,625,736

25. General and administrative expenses

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Employee related expenses (note 26)	**2,417,123**	2,508,856	**3,545,288**	3,210,091
Depreciation (note 5.1)	**272,909**	216,532	**432,452**	385,801
Directors' remuneration and sitting fees (note 33)	**192,200**	185,200	**192,200**	185,200
Utility expenses	**53,706**	65,661	**102,118**	89,266
Communication expenses	**56,599**	57,062	**67,680**	70,331
Entertainment and traveling expenses	**13,408**	56,440	**75,062**	56,946
Legal and professional charges	**24,770**	24,000	**98,404**	97,412
Repairs and maintenance expenses	**9,082**	14,230	**42,675**	27,802
Printing and stationery expenses	**6,665**	6,240	**10,125**	10,745
Depreciation of right-of-use asset (note 7)	**-**	-	**25,388**	27,228
Miscellaneous expenses	**683,379**	620,157	**844,724**	1,895,196
	3,729,841	3,754,378	**5,436,116**	6,056,018

26. Employee related expenses

Details of employee related expenses included in cost of sales, selling and distribution expenses and general and administrative expenses are as follows:

	Parent		**Group**	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Wages and salaries	**11,130,710**	11,935,118	**15,012,427**	14,862,976
Employees' end of service benefits (note 20)	**428,621**	196,904	**458,675**	202,375
	11,559,331	12,132,022	**15,471,102**	15,065,351
Selling and distribution expenses (note 24)	**6,790,096**	7,309,609	**8,846,114**	8,949,175
General and administrative expenses (note 25)	**2,417,123**	2,508,856	**3,545,288**	3,210,091
Cost of sales (note 23)	**2,352,112**	2,313,557	**3,079,700**	2,906,085
	11,559,331	12,132,022	**15,471,102**	15,065,351

27. Other income

	Parent		**Group**	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Scrap sales	**72,473**	90,293	**146,696**	120,431
Gain on disposal of property, plant and equipment	**50,110**	58,111	**50,110**	58,111
Miscellaneous income	**347,554**	298,933	**581,035**	325,358
	470,137	447,337	**777,841**	503,900

28. Finance income (net)

	Parent		**Group**	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Finance income	**1,594,003**	1,460,364	**1,594,653**	1,461,347
Finance costs	**(604,760)**	(586,415)	**(1,281,868)**	(1,133,678)
	989,243	873,949	**312,785**	327,669

29. Dividends

Subsequent to the reporting date, the Board of Directors has proposed a cash dividend of RO 0.040 per share totaling RO 2,000,000 for the year ended 31 December 2023, subject to Shareholders' approval at the ensuing annual general meeting.

The proposed dividend for 2022 amounting to RO 3,000,000 (RO 0.060 per share) was approved and paid during 2023.

30. Basic and diluted earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary Shareholders and a weighted average number of ordinary shares outstanding at year end, calculated as follows:

	Parent		Group	
	2023	2022	**2023**	2022
Net profit attributable to ordinary Shareholders (RO)	**4,478,972**	7,778,837	**6,317,580**	7,697,574
Weighted average number of shares	**50,000,000**	50,000,000	**50,000,000**	50,000,000
Basic and diluted earnings per share (RO)	**0.090**	0.156	**0.126**	0.154

31. Net assets per share

Net assets per share is calculated by dividing the net assets attributable to the Shareholders of the Parent Company by the weighted average number of shares outstanding at the year-end, as follows:

	Parent		Group	
	2023	2022	**2023**	2022
Net assets (RO)	**82,604,469**	81,125,497	**82,411,661**	78,610,624
Weighted average number of shares	**50,000,000**	50,000,000	**50,000,000**	50,000,000
Net assets per share (RO)	**1.652**	1.623	**1.648**	1.572

32. Revenue and segment reporting

The Parent Company operates in one reportable segment of canning, bottling, distribution of soft drinks and trading of consumer-packaged goods. All relevant information relating to this reportable segment is disclosed.

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Revenue from sale of finished goods	**56,993,287**	64,940,141	**83,334,717**	82,222,037
Revenue from sale of trading items	**12,483,267**	11,923,444	**13,408,206**	12,782,133
	69,476,554	76,863,585	**96,742,923**	95,004,170

32. Revenue and segment reporting (continued)

The sales from customers within and outside Sultanate of Oman were as follows:

	Parent		**Group**	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Domestic	**65,678,833**	67,078,420	**92,945,202**	85,219,005
Export	**3,797,721**	9,785,165	**3,797,721**	9,785,165
	69,476,554	76,863,585	**96,742,923**	95,004,170

33. Related party transactions and balances

Related parties comprise of key shareholders, directors, key management personnel, and entities under common control. The Group maintains balances with related parties which arise in the normal course of business from commercial transactions and are entered into a mutually agreed terms and condition.

The significant related party transactions during the year were as follows:

	Parent		**Group**	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Sale of products and goods to:				
- Subsidiary Company				
Arabian Vending LLC	**20,011**	17,568	-	-
- Shareholders				
Dubai Refreshments PSC, UAE	**684,767**	597,643	**495,772**	597,643
Ahmed Mohamed bin Omair	**2,270**	2,502	**1,749**	2,502
Rashad Ahmed Mohammed Al Hinai	**1,132**	-	**1,132**	-

33. Related party transactions and balances (continued)

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Purchase of trading items and materials from:				
- Subsidiary Company				
Arabian Vending LLC	**6,498**	-	-	-
- Shareholder				
Dubai Refreshments PSC, UAE	**526,231**	52,341	**526,231**	52,341
- Other related party				
Omani Packaging Co SAOG	**313,886**	31,004	**313,886**	31,004

Compensations of key management personnel and directors during the year were as follows:

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Short-term benefits	**727,011**	876,689	**727,011**	876,689
Employees' end of service benefits	**26,989**	25,249	**26,989**	25,249
Directors' remuneration	**150,000**	150,000	**150,000**	150,000
Directors' sitting fees	**42,200**	35,200	**42,200**	35,200

The Directors' remuneration for the year 2023 is subject to Shareholders' approval at the annual general meeting.

Balances with related parties as at 31 December were as follows:

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Payable to:				
- Subsidiary Company				
Al Rawdah Integrated Trade & Investment Enterprises LLC (i)	**100,000**	100,000	-	**-**
- Other related party				
Omani Packaging Co. SAOG	**86,866**	107,624	**86,866**	107,624
Dubai Refreshments PSC, UAE	**31,045**	**-**	**31,045**	**-**

i) The balances are shown under trade payables (note 21).

33. Related party transactions and balances (continued)

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Receivable from:				
- Subsidiary companies				
Arabian Auto Vending LLC	**698,087**	586,336	**-**	-
ORC Holding Company Limited (i)	**23,741,161**	23,737,946	**-**	-
- Shareholder				
Dubai Refreshments PSC, UAE (ii)	**145,898**	108,121	**145,898**	108,121
- Other related parties				
Sheikh Ahmad Bin Omair (ii)	**839**	1,161	**839**	1,161

i) The Parent Company has given loan to ORC Holding Company Limited for the purpose of acquisition of subsidiary (note 8). The loan is repayable on demand and does not carry any interest rate.

ii) The balances are included under other receivables (note 12).

34. Commitments and contingent liabilities

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Letters of guarantee	**4,261,002**	4,225,950	**4,261,002**	4,225,950
Purchase commitments	**2,589,553**	2,414,636	**2,589,553**	2,414,636
Capital commitments	**707,023**	672,411	**707,023**	672,411

Purchase commitments relates to the purchase orders of trading goods, raw material, stores, and spares and packing materials.

35. Financial risk management

Financial risk factors

The Group has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk, and the Group’s management of capital. Further quantitative disclosures are included throughout these separate and consolidated financial statements.

35. Financial risk management (continued)

Financial risk factors (continued)

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and is responsible for developing and monitoring the Group's risk management policies.

a. Market risk

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

b. Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. In respect of the Group's transactions denominated in US Dollar and GCC currencies, the Group is not exposed to currency risk as the Rial Omani and GCC currencies are pegged to the US Dollar.

Group management has set up a policy that requires Group companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group is primarily exposed to foreign currency risk as a result of foreign exchange gains/losses on translation of foreign currency denominated assets and liabilities such as trade and other receivables, trade and other payables and due to banks. The impact on total comprehensive income arising from a 10% weakening/strengthening of the functional currency against Algerian Dinar to which the Group is exposed RO 914,612.

c. Fair value interest rate risk

Interest rate risk arises from the possibility of changes in interest rates and mismatches or gaps in the amount of assets and liabilities that mature or re-price in a given period. The Group's interest rate risk arises from borrowings and term deposits placed with the banks. The Group places deposits and borrows from commercial banks at commercial rates of interest.

Term deposits and borrowings issued at variable rates expose the Group to cash flow interest rate risk. Term deposits and borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to maintain almost all of its term deposits and borrowings in fixed rate instruments.

During 2023 and 2022, the Group's borrowings were denominated in Rial Omani and Algerian Dinar. The Group analyses its interest rate exposure on a regular basis and reassesses the source of borrowings and renegotiates interest rates at terms favorable to the Group.

35. Financial risk management (continued)

Market risk (continued)

c. Fair value interest rate risk (continued)

At the reporting date, if the interest rate on borrowings were to shift by 0.5%, there would be a maximum increase or decrease in the interest expense of RO 79,390 (2022: RO 128,502) of the Parent Company and the Group.

At the reporting date, if the interest rate on term deposits were to shift by 0.5%, there would be a maximum increase or decrease in the interest income of RO 110,000 (2022: RO 150,377) of the Parent Company and the Group.

The carrying values of the borrowings are not considered materially different from their fair values since the loans are at prevailing market interest rates.

The Group manages its exposure to interest rate risk by ensuring that borrowings and deposits are on a contracted fixed rate basis.

d. Credit risk

Risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and deposits with commercial banks. With regards to customer receivables, the Group maintains a credit policy that stipulates dealing with only creditworthy parties and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults. The Group regularly monitors the credit ratings of its debtors and the volume of transactions with those debtors during the year. Ongoing credit evaluation is performed on the financial condition of debtors. Therefore, credit risk exposures are insignificant.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Parent		**Group**	
	2023 RO	2022 RO	**2023 RO**	2022 RO
Term deposits	**22,000,000**	30,925,100	**22,000,000**	30,925,100
Loan to a subsidiary	**23,741,161**	23,737,946	-	**-**
Financial assets at amortised cost	**3,601,142**	2,641,644	**3,601,142**	2,641,644
Financial assets at fair value through profit and loss	**13,765**	13,765	**13,829**	13,827
Trade receivables	**3,576,391**	5,446,773	**3,727,499**	5,237,347
Other receivables	**4,588,825**	4,793,972	**4,815,013**	7,028,768
Bank balances	**1,517,266**	11,555,878	**2,315,007**	12,211,707
	59,038,550	79,115,078	**36,472,490**	58,058,393

35. Financial risk management (continued)

Credit risk (continued)

Risk management (continued)

For customers where there is no independent rating agency established in the country, the credit control team comprising of senior management assesses the credit quality of the customers, considering their financial position, past experience and other factors. The outstanding position of the customers is continuously reviewed by the management.

The Group mainly categorises its trade receivables as corporate customers, salesman customers, government customers and others. Gross exposure by major classification of trade receivables is set out below:

	2023		2022	
	RO	**ECL %**	RO	ECL %
Parent				
Corporate customers	**4,386,971**	**18.48**	6,257,353	12.95
Salesman customers	**-**	**-**	-	-
Gross trade receivables	**4,386,971**	**18.48**	6,257,353	12.95
Less: ECL allowance	**(810,580)**	-	(810,580)	-
Trade receivables - net	**3,576,391**	-	5,446,773	-

	2023		2022	
	RO	**ECL %**	RO	ECL %
Group				
Corporate customers	**9,530,276**	**68.89**	11,198,248	53.23
Salesman customers	**-**	**-**	-	-
Gross trade receivables	**9,530,276**	**68.89**	11,198,248	53.23
Less: ECL allowance	**(5,802,777)**	**-**	(5,960,901)	-
Trade receivables - net	**3,727,499**	**-**	5,237,347	-

As per the credit policy of the Group, customers are extended a credit period of up to 60 days in the normal course of business. However, in some cases, due to the market conditions and historical business relationship with the customer the credit period may be extended by a further period of 60 days. The credit quality of financial assets is determined by the customers history of meeting commitments, market intelligence related information and management’s trade experience.

With respect to exposures with banks, management considers the credit risk exposure to be minimal as the Group deals with reputed banks. Management does not expect any losses from non-performance by these counterparties.

Impairment of financial assets
The Group has trade receivables and other financial assets at amortised cost as financial assets that are subject to IFRS 9’s expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial, except as disclosed.

35. Financial risk management (continued)

Credit risk (continued)

Risk management (continued)

Trade receivables
The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been Grouped based on shared credit risk characteristic and the days past due.

The expected loss rates are based on payment profiles of the trade receivables and corresponding historical credit loss experience which are adjusted to reflect current and forward-looking information based on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified Gross Domestic Product of Oman to be the most relevant factors and accordingly, adjust the historical loss rates based on expected changes in the factor.

Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on financial assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Financial assets at amortised cost

Financial assets at amortised cost include held to maturity bonds which bear interest at 4.75% p.a to 7.5%. Financial assets at amortised cost are considered to have low credit risk. Management believes that the expected credit loss on the above category of financial assets is not material and hence no loss allowance was made for such financial assets at 31 December 2023 and 2022.

Management has considered provision for expected credit losses on term deposit balances based on external credit ratings of the banks.

e. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has adequate bank balance, credit facilities from commercial banks to ensure that it has sufficient cash on demand to meet expected operational expenses and sufficient credit facilities to manage its liquidity risk.

35. Financial risk management (continued)

Financial risk factors (continued)

Liquidity risk (continued)

The Group's financial liabilities based on contractual payments at the reporting date were as follows:

	Carrying amount RO	Contractual cash flows RO	Up to 1 year RO	Up 1 to 3 year RO
Parent				
31 December 2023				
Trade and other payables	**2,612,144**	**2,612,144**	**2,612,144**	**-**
Accrued expenses	**1,667,682**	**1,667,682**	**1,667,682**	**-**
Directors' remuneration and sitting fees	**203,410**	**203,410**	**203,410**	**-**
Payable to a subsidiary	**100,000**	**100,000**	**100,000**	**-**
Term loans	**6,804,470**	**6,804,470**	**3,540,000**	**3,264,470**
Future interest on term loans	**-**	**298,013**	**219,464**	**78,549**
	11,387,706	**11,685,719**	**8,342,700**	**3,343,019**
Group				
31 December 2023				
Trade and other payables	**6,111,396**	**6,111,396**	**6,111,396**	**-**
Accrued expenses	**4,331,136**	**4,331,136**	**4,331,136**	**-**
Directors' remuneration and sitting fees	**203,410**	**203,410**	**203,410**	**-**
Term loans	**15,878,091**	**15,878,091**	**12,121,982**	**3,756,109**
Future interest on borrowings	**-**	**328,507**	**234,711**	**93,796**
	26,524,033	**26,852,540**	**23,002,635**	**3,849,905**
Parent				
31 December 2022				
Trade and other payables	4,087,312	4,087,312	4,087,312	-
Accrued expenses	2,392,937	2,392,937	2,392,937	-
Directors' remuneration and sitting fees	187,810	187,810	187,810	-
Payable to a subsidiary	100,000	100,000	100,000	-
Term loans	25,700,400	25,700,400	18,896,631	6,803,769
Future interest on term loans	-	751,771	453,758	298,013
	32,468,459	33,220,230	26,118,448	7,101,782
Group				
31 December 2022				
Trade and other payables	9,354,840	9,354,840	9,354,840	-
Accrued expenses	2,834,672	2,834,672	2,834,672	-
Directors' remuneration and sitting fees	187,810	187,810	187,810	-
Term loans	35,434,979	35,434,979	28,050,372	7,384,607
Future interest on borrowings	-	1,262,836	934,329	328,507
	47,812,301	49,075,137	41,362,023	7,713,114

35. Financial risk management (continued)

Financial risk factors (continued)

f. Fair value estimation

All the financial assets and liabilities of the Group except for the financial assets through profit and loss are carried at amortised cost. The fair values of the term loans are approximate to their carrying values as the interest rates thereof approximate the market rates of interest. The carrying value less impairment provision of trade receivables, trade payables, short-term loans from banks approximate their fair values.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, Grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from 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); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Level 1	**Parent RO**	**Group RO**
31 December 2023		
Financial assets at fair value through profit and loss	**13,765**	**13,829**
31 December 2022		
Financial assets at fair value through profit and loss	13,765	13,827

There was no transfer between the level 1, level 2 and level 3 during the year ended 31 December 2023 (2022: no transfers).

g. Capital risk management

Equity of the Parent Company and Group comprises share capital, legal reserve, general reserve and retained earnings. Group's policy is to maintain an optimum capital base to maintain investor, creditor and market confidence to sustain future growth of business as well as return on capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as term loans as shown in the separate and consolidated statement of financial position less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the separate and consolidated statement of financial position plus net debt.

35. Financial risk management (continued)

Capital risk management (continued)

The gearing ratios at 31 December 2023 and 2022 were as follows:

	Parent		Group	
	2023	2022	**2023**	2022
	RO	RO	**RO**	RO
Term loans (note 18)	**6,804,470**	25,700,400	**15,878,091**	35,434,979
Less: cash and cash equivalents	**(1,524,266)**	(11,562,878)	**(2,324,883)**	(12,221,498)
Net debt	**5,280,204**	14,137,522	**13,553,208**	23,213,481
Equity	**82,604,469**	81,125,497	**82,411,661**	78,610,624
Gearing ratio	**6.39%**	17.43%	**16.45%**	29.53%

36. Approval of these separate and consolidated financial statements

These separate and consolidated financial statements were approved by the Board of Directors and authorised for issue on 25 February 2024.