

MAJAN GLASS COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Legal status and principal activities

Majan Glass Company SAOG (the Company) is a public joint stock company, with its registered office in Sohar, PO Box 17, PC 327, Sultanate of Oman.

The principal activity of the Company is manufacturing and sale of empty glass containers.

2 Basis of preparation and adoption of new and amended IFRS

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified to include the fair value of certain financial assets and liabilities.

Functional and presentation currency

The financial statements have been prepared in Rial Omani ("RO") which is functional and presentation currency of the Company.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, the disclosure requirements of the Capital Market Authority and the applicable provisions of the Commercial Companies Law of the Sultanate of Oman.

New standards, amendments and interpretations to existing IFRS effective 1 January 2020

- Amendments to IFRS 3: Definition of a Business;
- Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform;
- Amendments to IAS 1 and IAS 8 Definition of Material;
- Conceptual Framework for Financial Reporting issued on 29 March 2018;

MAJAN GLASS COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

2 Basis of preparation and adoption of new and amended IFRS

New standards, amendments and interpretations to existing IFRS effective 1 January 2020

(continued)

- Amendments to IFRS 16 'Covid 19 Related Rent Concessions'

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19 related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

In the current financial year, the Company has applied the amendment to IFRS 16 which resulted in the reduction of the lease payment by RO 29,239, which is recognised as a gain in the statement of comprehensive income.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements, except for Covid-19 Related Rent Concessions.

Standards, amendments and interpretations to existing IFRS that are not yet effective

Certain new Standards, amendments and interpretations to existing IFRS have been published that are not effective and mandatory for the Company's accounting period commenced on 1 January 2020, which management has decided to adopt from the applicable periods.

- IFRS 17: 'Insurance Contracts';
- Amendments to IAS 28: 'Investments in Associates and Joint Ventures', and IFRS 10: 'Consolidated Financial Statements' – Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture;
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3: Reference to the Conceptual Framework
- Amendments to IAS 16: Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Amendments to IFRS 1 First-time Adoption of International Financial Standards 2018-2020 Cycle Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture

Management believes that adoption of the above new Standards and amendments is not likely to have any material impact on the presentation and disclosure of items in the financial statements for future periods.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

3 Summary of significant accounting policies

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

Income from operations

Income from operations represents sale of glass products and other related products in normal course of business and is recognised at a point in time when the performance obligation is satisfied and is based on the amount of the transaction price that is allocated to the performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to the customer.

The consideration expected by the Company may include fixed or variable amounts which can be impacted by sales returns, trade discounts and volume rebates. Income from operations is recognized when control of the asset is transferred to the buyer and only when it is highly probable that a significant reversal of revenue will not occur when uncertainties related to a variable consideration are resolved.

Transfer of control varies depending on the individual terms of the contract of sale. Revenue from transactions that have distinct goods or services are accounted for separately based on their stand-alone selling prices. A variable consideration is recognised to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

For products for which a right of return exists during a defined period, revenue recognition is determined based on the historical pattern of actual returns, or in cases where such information is not available, revenue recognition is postponed until the return period has lapsed.

The Company recognises revenue from contracts with customers based on the five step model set out in IFRS 15:

Step 1: Identify the contract(s) with a customer:

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify the performance obligations in the contract:

A performance obligation is a unit of account and a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price:

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

3 Summary of significant accounting policies

Income from operations (continued)

Step 4: Allocate the transaction price to the performance obligations in the contract:

For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- 1 The customer simultaneously receives and consumes the benefits provided by the Company's performance as and when the Company performs; or
- 2 The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- 3 The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment. Following initial recognition at cost, expenditure incurred to replace a component of an item of property, plant and equipment which increases the future economic benefits embodied in the item of property, plant and equipment is capitalised. All other expenditures are recognised in the statement of comprehensive income as an expense as incurred.

Items of property, plant and equipment are derecognised upon disposal or when no future economic benefit is expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income in the year the item is derecognized.

Capital work in progress is stated at cost and includes all expenditures incurred on engineering, design work, borrowing costs and costs directly attributable to the project engineering, procurement and construction / installation until such time the assets are put to use, when these will be allocated to property, plant and equipment.

MAJAN GLASS COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

3 Summary of significant accounting policies

Property, plant and equipment (continued)

Capital work in progress is not depreciated. Depreciation on property, plant and equipment is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of property, plant and equipment.

The estimated useful economic lives of items of property, plant and equipment are:

	Years
Buildings	40
Plant and machinery	1-25
Office equipment, furniture and fittings	6-10
Motor vehicles	4
Moulds	1-5

Intangible assets

Cost of software are stated at cost and amortised in equal instalments over the estimated period of benefit of 4 to 5 years. The Management annually review the software cost and useful life and assess if any impairment is required.

Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

'Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

'The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

'The right-of-use assets and the lease liabilities are presented as separate line items in the statement of financial position.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

3 Summary of significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which is determined on weighted average cost basis, comprises expenditure incurred in the normal course of business in bringing inventories to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business less any incidental selling expenses. Where necessary, provision is made for obsolete, slow-moving and defective inventories. Cost of finished products and work in progress includes cost of direct materials, direct labour and applicable direct overheads.

Impairment of non-financial assets

At the end of each reporting period, Management assesses if there is any indication of impairment of non-financial assets. If an indication exists, Management estimates the recoverable amount of the asset and recognizes an impairment loss in the statement of comprehensive income to the extent carrying value exceeds the estimated recoverable amount. Management also assesses if there is any indication that an impairment loss recognized in prior years no longer exists or has reduced. The resultant impairment loss or reversals are recognised immediately in the statement of comprehensive income.

Financial Instruments

To determine the classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The IFRS 9 measurement categories of financial assets are:

- Financial assets carried at amortised cost;
- Financial assets carried at fair value through other comprehensive income (FVOCI); and
- Financial assets carried at fair value through profit or loss (FVTPL)

i) Recognition and measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Trade receivables are measured at the transaction price determined under IFRS 15.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

i) Recognition and measurement (continued)

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Company does not trade in any financial liabilities and does not classify or measure any financial liabilities as at fair value through profit or loss. Consequently, all financial liabilities are classified and subsequently measured at amortized cost.

ii) Derecognition of financial assets and liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfer nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expired.

Cash and cash equivalents

For purpose of statement of cash flows, cash and cash equivalents consist of cash and bank balances with an original maturity of less than three months, net of bank overdrafts.

Impairment of financial assets

The Company recognises allowances for expected credit losses (ECLs) on financial instruments, including financial assets measured at amortised cost and trade and other receivables. Credit losses are measured as the present value of all cash shortfalls.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

3 Summary of significant accounting policies (continued)

Impairment of financial assets (continued)

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. A receivable is considered as in default, if the receivable is past due more than 240 days.

Impairment provision for other receivables is also recognised based on a forward looking expected credit loss model.

Write-off

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The gross carrying amount of a financial asset is written off against the related provision, when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Provisions

A provision is recognized in the statement of financial position where the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Employee end of service benefits

Payment is made to Omani Government's Social Security Scheme under Royal Decree number 72/91 (as amended) for Omani employees. Provision is made for amounts payable under the Sultanate of Oman's Labour Law as per Royal Decree number 35/2003 applicable to non-Omani employees' accumulated periods of service at the end of the reporting period.

Accounts and other payables

Liabilities are recognized for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

Operating segment

An operating segment is component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components whose operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

MAJAN GLASS COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

3 Summary of significant accounting policies (continued)

Dividend

The Board of Directors recommend to the Shareholders the dividend to be paid out of Company's profits. The Directors take into account appropriate parameters including the requirements of the Commercial Companies Law of the Sultanate of Oman, while recommending the dividend.

Dividend distribution to the Shareholders is recognized as a liability in the Company's financial statements only in the year in which the dividends are approved by the Shareholders.

Directors' remuneration

The Company follows the Commercial Companies Law of the Sultanate of Oman, and other latest relevant directives issued by Capital Market Authority, in regard to determination of the amount to be paid as Directors' remuneration. Directors' remuneration and meeting attendance fees is charged to the statement of comprehensive income in the year to which they relate.

Foreign currency transactions

Transactions denominated in foreign currencies are translated into Rial Omani at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated into Rial Omani at exchange rates prevailing at the end of the reporting period. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income.

Income tax

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

4 Estimates and judgments

The preparation of the financial statements requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities at the reporting date and the resultant provisions and changes in fair value. Such estimates are necessarily based on assumptions about several factors involving varying, and possibly significant, degrees of judgment and uncertainty and actual results may differ from Management's estimates resulting in future changes in estimated liabilities and assets.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

i) Impairment allowance - Measurement of the expected credit losses allowance.

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past experience and historical data, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the accounting policy above.

An estimate of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time and historical recovery rates.

ii) Allowance for slow moving and obsolete inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

iii) Useful lives of property, plant and equipment

Management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the Management believes the useful lives differ from previous estimates.

MAJAN GLASS COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

4 Estimates and judgments (continued)

iv) Deferred tax assets

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

v) Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**
5 Property, plant and equipment

		Plant and machinery	Office equipment, furniture and fittings	Motor vehicles	Moulds	Capital work-in progress	Total
	<u>Buildings</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Cost							
At 1 January 2019	1,620,999	20,431,394	366,968	79,934	1,260,760	-	23,760,055
Additions	20,319	17,427	29,095	18,325	515,174	-	600,340
Disposals	-	-	(450)	(13,600)	-	-	(14,050)
At 31 December 2019	1,641,318	20,448,821	395,613	84,659	1,775,934	-	24,346,345
At 1 January 2020	1,641,318	20,448,821	395,613	84,659	1,775,934	-	24,346,345
Additions	9,263	106,026	19,522	-	315,969	219,533	670,313
Disposals	-	-	-	-	(66,828)	-	(66,828)
Other adjustments	-	-	(28,563)	-	-	-	(28,563)
At 31 December 2020	1,650,581	20,554,847	386,572	84,659	2,025,075	219,533	24,921,267
Depreciation							
At 1 January 2019	352,582	16,084,810	311,727	66,803	977,872	-	17,793,794
Charge for the year	40,788	1,284,278	23,912	8,660	293,540	-	1,651,178
Relating to disposals	-	-	(450)	(13,600)	-	-	(14,050)
At 31 December 2019	393,370	17,369,088	335,189	61,863	1,271,412	-	19,430,922
At 1 January 2020	393,370	17,369,088	335,189	61,863	1,271,412	-	19,430,922
Charge for the year	41,374	994,222	29,040	9,812	315,292	-	1,389,740
Relating to disposals	-	-	-	-	(66,828)	-	(66,828)
At 31 December 2020	434,744	18,363,310	364,229	71,675	1,519,876	-	20,753,834
Net book value							
At 31 December 2020	1,215,837	2,191,537	22,343	12,984	505,199	219,533	4,167,433
At 31 December 2019	1,247,948	3,079,733	60,424	22,796	504,522	-	4,915,423

- a) Depreciation amounting to RO 1,350,888 (2019: RO 1,618,606) is charged to cost of operations and the balance depreciation of RO 38,852 (2019: RO 32,572) is reported separately in statement of comprehensive income.
- b) The factory premises are located on land leased from the Public Establishment for Industrial Estate, Sohar.
- c) Certain plant and machinery have been mortgaged with a local commercial bank against term loan and other facilities obtained.
- d) Capital work in progress at the end of the reporting period pertains to amount incurred towards repair of the furnace and conversion of one line from blow and blow process to the narrow neck press and blow.
- e) The other adjustments amounting to OMR 28,563/- for the year 2020 represents the value of intangible assets included in the Computer/office equipment and furniture block which was removed as the same is included separately in the intangible note 6.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

6 Intangible asset

The intangible assets pertain to cost of software purchased.

	<u>2020</u> <u>RO</u>	<u>2019</u> <u>RO</u>
At the beginning of the year	9,274	15,495
Amortization during the year	(6,236)	(6,221)
At the end of the year	<u>3,038</u>	<u>9,274</u>

7 Right-of-use assets

	<u>2020</u> <u>RO</u>	<u>2019</u> <u>RO</u>
Cost		
At 1 January	477,148	477,148
At 31 December	<u>477,148</u>	<u>477,148</u>
Accumulated depreciation		
At 1 January	101,491	-
Charge for the year	101,491	101,491
At 31 December	<u>202,982</u>	<u>101,491</u>
Net book value		
At 31 December	<u>274,166</u>	<u>375,657</u>

The Company has leased a plot of land for factory premises at Sohar Industrial Estate from the Public Establishment for Industrial Estates for a period of 25 years until 13 September 2023, which is renewable thereafter for a further period of 25 years.

8 Income tax

- a) The Company is liable to income tax at the rate of 15% on entire taxable income (2019: tax at the rate of 15%) of the Company. No provision has been made for current year tax since the Company has incurred a loss for the year.

	<u>2020</u> <u>RO</u>	<u>2019</u> <u>RO</u>
Statement of comprehensive income		
The tax credit for the year comprises:		
Deferred tax	133,316	106,206
	<u>133,316</u>	<u>106,206</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

8 Income tax (continued)

Statement of financial position

	<u>2020</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>
Non- current asset		
Deferred tax asset	<u>933,922</u>	<u>\$00,606</u>

b) The Company's income tax assessment for the years 2017 to 2019 have not been finalised by the taxation authorities. Management is of the opinion that the amount of additional tax, if any, that may become payable on finalisation of pending tax assessment would not be significant to the company's financial position at 31 December 2020.

c) Deferred tax (assets)/liabilities and deferred tax charge/(credit) in the financial statements consists of:

	<u>01 January</u>	<u>Recognized in the Statement of Comprehensive Income</u>	<u>31 December</u>
	<u>2020</u>		<u>2020</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>
Accelerated depreciation	(235,126)	(22,141)	(257,267)
Provisions	(25,233)	(4,486)	(29,719)
Accumulated losses	(540,247)	(106,689)	(646,936)
	<u>(800,606)</u>	<u>(133,316)</u>	<u>(933,922)</u>

	<u>01 January</u>	<u>Recognized in the Statement of Comprehensive Income</u>	<u>31 December</u>
	<u>2019</u>		<u>2019</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>
Accelerated depreciation	(147,823)	(\$7,303)	(235,126)
Provisions	(45,094)	19,851	(25,233)
Accumulated losses	(501,483)	(38,764)	(540,247)
	<u>(694,400)</u>	<u>(106,206)</u>	<u>(800,606)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

9 Inventories

	<u>2020</u> <u>RO</u>	<u>2019</u> <u>RO</u>
Raw materials	505,679	350,265
Spares and consumables	1,498,449	1,200,257
Finished goods	1,599,052	1,571,942
Work in progress	513,165	662,450
Packing materials	102,417	108,486
Others	5,574	46,605
	<u>4,224,336</u>	<u>3,940,005</u>
Less: allowance for slow and non-moving inventories	(166,184)	(108,954)
	<u>4,058,152</u>	<u>3,831,051</u>

The movement in the allowance for slow and non-moving inventories is given below:

	<u>2020</u> <u>RO</u>	<u>2019</u> <u>RO</u>
At the beginning of the year	108,954	251,928
Provided during the year	57,230	-
Written back during the year	-	(142,974)
	<u>166,184</u>	<u>108,954</u>

10 Accounts and other receivables

	<u>2020</u> <u>RO</u>	<u>2019</u> <u>RO</u>
Accounts receivable	1,589,019	2,051,286
Less: allowance for credit losses on accounts receivables	(31,940)	(59,263)
	<u>1,557,079</u>	<u>1,992,023</u>
Advance to suppliers	124,185	100,853
Other receivables	13,464	10,158
	<u>1,694,728</u>	<u>2,103,034</u>

- a) At the end of the reporting period, the Company's accounts receivable amounting to RO 1,469,661 (2019: 1,272,988) are neither past due, nor impaired.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

10 Accounts and other receivables (continued)

- b) At 31 December 2020, accounts receivable amounting to RO 119,358 (2019: RO 778,298) are past due, but not impaired and are estimated collectible based on the historical experience of management.

The ageing analysis of these past due accounts receivable are as follows:

	<u>2020</u> <u>RO</u>	<u>2019</u> <u>RO</u>
Between 61-120 days	33,487	422,919
Between 121-150 days	14,772	157,010
More than 151 days	71,099	198,369
	<u>119,358</u>	<u>778,298</u>

- c) Movement in allowance for credit losses on accounts receivable are :

	<u>2020</u> <u>RO</u>	<u>2019</u> <u>RO</u>
At 1 January	59,263	48,657
Charged during the year	-	10,606
Reversed during the year	(27,323)	-
	<u>31,940</u>	<u>59,263</u>

- d) At the end of the reporting period, 8 customers account for 64% of the total accounts receivable and 38% of sales during the year (2019: 8 customers accounted for 71% of accounts receivable and 40% of sales).

11 Related party transactions

The Company has entered into transactions with the Directors, significant shareholders and key management personnel of the Company and entities in which Members / key management personnel have significant influence and control. In the ordinary course of business, the Company sells goods to related parties and procures goods and services from related parties. These transactions are entered into on terms and conditions, which the Board of Directors believe could be obtained on an arms' length basis from independent third parties.

MAJAN GLASS COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

11 Related party transactions (continued)

a) The related party transactions during the year were as follows:

	<u>2020</u> <u>RO</u>	<u>2019</u> <u>RO</u>
Term loan	-	1,800,000
Finance charge	108,296	100,603

b) The key management personnel compensation for the year comprises:

	<u>2020</u> <u>RO</u>	<u>2019</u> <u>RO</u>
Short term employment benefits	260,139	260,284
Employee end of service benefits	9,136	9,134
Directors' meeting attendance fees	22,000	20,500
	<u>291,275</u>	<u>289,918</u>

Director's meeting attendance fees

	<u>2020</u> <u>RO</u>	<u>2019</u> <u>RO</u>
Ali Bin Mohammed Said Tabuk	1,500	2,000
Ali Hamad Al Deraï	3,200	3,200
Vivek Varadan	1,900	2,700
Ali Fida Hussain Mohd. Al Lawati	3,500	2,900
Mr. Talal Issa Mohd Al Harasi	3,200	3,200
Puneet Sardana	3,500	3,200
Arjun Subramanian	4,700	3,300
Yusra Mohammed Hamood Al- Shidhani	500	-
	<u>22,000</u>	<u>20,500</u>

c) The Board of Directors' meeting attendance fees and remuneration are subject to Shareholders' approval at forthcoming Annual General Meeting.

d) According to the circular received from Ministry of Finance Dated 26 March 2020, the fees for all subsequent directors meetings were reduced by 50%. Hence, out of the total sitting fees of RO 22,000 as disclosed above, the amount eligible to the directors for the year 2020 is RO 14,400/- and the excess provision of RO 7,600/- carried in the books shall be reversed during the year 2021.

MAJAN GLASS COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

12 Prepayments and deposits

	<u>2020</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>
Prepayments	61,365	62,236
Deposits	39,579	40,155
	<u>100,944</u>	<u>102,391</u>

13 Cash and bank balances

	<u>2020</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>
Cash in hand	3,774	3,262
Cash at bank	459,411	680,129
	<u>463,185</u>	<u>683,391</u>

14 Share capital

- a) The Company's authorised share capital consist of RO 5,000,000 comprising 50,000,000 shares of 100 baiza each (2019: RO 5,000,000 comprising 50,000,000 shares of 100 baiza each). The issued and fully paid up share capital is RO 4,202,330 (2019: RO 4,202,330) comprising 42,023,300 shares of 100 baiza each (2019: 42,023,300 shares of 100 baiza each).
- b) At the end of the reporting period, shareholders of the Company who own 10% or more of the shares, and the number of shares they hold are shown as below:

	<u>2020</u>		<u>2019</u>	
	<u>Number of</u>	<u>Share</u>	<u>Number of</u>	<u>Share</u>
	<u>shares held</u>	<u>Holding</u>	<u>shares held</u>	<u>Holding</u>
Oman Investment Authority	31,625,000	75.26%	31,625,000	75.26%

15 Legal reserve

As per the Commercial Companies Law of Sultanate of Oman, annual appropriation of 10% of a Company's net profit is to be made to a non-distributable legal reserve, until the amount of legal reserve becomes equal to one-third of the amount of issued share capital. No transfer has been made during the year as the Company has incurred a loss for the year.

Legal reserve includes the excess of "share expenses" amounting to RO 9,335 (2019: RO 9,335) received from public subscription over expenses incurred in accordance with the Company's Articles of Association.

MAJAN GLASS COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

16 Employees' end of service benefits

	<u>2020</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>
Movement in expatriate employees' end of service benefits:		
At 1 January	296,731	281,284
Charge for the year	41,884	44,006
Paid during the year	(27,250)	(28,559)
	<u>311,365</u>	<u>296,731</u>

17 Lease liabilities

	<u>2020</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>
Lease liabilities	278,191	365,875
Less: current maturity	(100,269)	(87,684)
Non-current liabilities	<u>177,922</u>	<u>278,191</u>

a) The movement in lease liabilities is as follows :

	<u>2020</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>
At the beginning of the year	365,875	477,148
Add: finance charges during the year	29,270	-
Less: repayments during the year	(87,715)	(111,273)
Less: abatement received during the year	(29,239)	-
At 31 December	<u>278,191</u>	<u>365,875</u>

b) The maturity profile of the lease liabilities, based on the remaining period to maturity from the end of the reporting period is as follows:

	<u>2020</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>
Due less than 1 year	94,699	87,684
Due between 1 and 2 years	102,275	94,699
Due between 2 and 4 years	81,217	183,492
	<u>278,191</u>	<u>365,875</u>

The Company has leased a plot of land for factory premises at Sohar Industrial Estate from the Public Establishment for Industrial Estates for a period of 25 years until 13 September 2023, which is renewable thereafter for a further period of 25 years.

MAJAN GLASS COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

18 Term Loans

	<u>2020</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>
Term loan I	1,800,000	1,800,000
Term Loan II	1,070,000	1,229,000
Term Loan III	295,423	590,845
Less: current portion of the term loan	(955,425)	(552,897)
Non current term loans	<u>2,209,998</u>	<u>3,066,948</u>

- a) Term Loan I - During the year 2019, the Company signed a convertible loan agreement amounting to RO 1.8 million with Oman Investment Authority. The loan carries interest at 6% per annum (Default rate: 12% per annum) and is repayable in 16 equal quarterly instalments commencing from March 2021.

The loan is convertible at the option of lender, either upon occurrence of the event of default as specified in agreement or at any time at the sole discretion of the lender. The conversion price is equal to the prevailing market share price of the Company at the time of conversion. On conversion these shares will be credited as fully paid and rank pari passu with all other shares of the Company then in issue.

- b) Term loan II- During the year 2018, the Company availed a term loan amounting to RO 1.35 million from a local commercial bank. The loan carries interest at 7.75% per annum and is repayable in 72 equal monthly instalments. The loan is secured by: usufruct mortgage of RO 1.5 million on lease hold property located at plot no. 61,62,63,152,153,154,113 and 114 (8 plots merge to one plot no. 61), phase I A, located at Sohar industrial estate. Commercial mortgage in pari-passu with other local bank of RO. 1.5 million on the existing plant and machinery.

- c) Term loan III - During the year 2017, term loan amounting to RO 1.5 million was obtained from local commercial bank. The loan carries interest at 6.25% per annum and is repayable in 36 equal monthly instalments which started from July 2018. The loan is secured against irrevocable assignment of payments / receivables from the Company's major existing customers, commercial mortgage over machinery, equipment and other assets (with book value/residual value of RO 1.5 million, to cover the term loan), the insurance of the assets financed in favour to the bank.

- d) The term loan agreements with banks contain certain covenants pertaining to maintaining current, leverage and debt coverage ratios. Although the actual ratios were not within the covenanted level at 31 December 2020, the Management believes that the bank is unlikely to demand for the immediate settlement of the dues or withdraw facilities.

- e) Maturity profile of undiscounted cash flow for the non current portion of term loans is as follows:

	<u>2020</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>
Between 1 and 2 years	955,425	856,948
Between 2 and 5 years	1,254,573	2,210,000
	<u>2,209,998</u>	<u>3,066,948</u>

MAJAN GLASS COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

19 Bank borrowings

	<u>2020</u> <u>RO</u>	<u>2019</u> <u>RO</u>
Loan against trust receipts	513,481	686,403
Bill discounting	-	274,174
Bank overdrafts	960,655	980,253
	<u>1,474,136</u>	<u>1,940,830</u>

- a) Bank borrowings are obtained from local commercial banks and carry interest at prevailing commercial rates.
- b) These borrowings are secured against assignment of certain accounts receivable, commercial mortgage over machinery and other assets as well as assignment of the insurance policies of the assets financed in favor of the bank.

20 Accounts and other payables

	<u>2020</u> <u>RO</u>	<u>2019</u> <u>RO</u>
Accounts payable	2,360,501	1,566,288
Accruals	314,320	250,838
Advance from customers	253,710	278,712
Other payables	330,387	257,045
	<u>3,268,918</u>	<u>2,352,883</u>

21 Net assets per share

Net assets per share is calculated by dividing the net assets at the end of the reporting period by the number of shares outstanding at the end of the year as follows:

	<u>2020</u> <u>RO</u>	<u>2019</u> <u>RO</u>
Net assets (RO)	<u>3,197,535</u>	<u>4,244,663</u>
Number of shares outstanding	<u>42,023,300</u>	<u>42,023,300</u>
Net assets per share (RO)	0.076	0.101

MAJAN GLASS COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

22 Income from operations (Segment wise)

The Company's income from operations represents the revenue from contracts with customers by transfer of goods and services at a point in time in the following geographical regions and product lines.

a) Primary geographical markets	<u>2020</u> <u>RO</u>	<u>2019</u> <u>RO</u>
Sultanate of Oman	1,404,824	1,650,410
GCC	2,643,987	4,025,010
Others	8,090,076	5,240,380
	<u>12,138,887</u>	<u>10,915,800</u>
b) Timing of revenue recognition	<u>2020</u> <u>RO</u>	<u>2019</u> <u>RO</u>
Products transferred at a point in time	<u>12,138,887</u>	<u>10,915,800</u>
c) Product lines		
Sale of empty glass containers	<u>12,138,887</u>	<u>10,915,800</u>

23 Cost of operations

	<u>2020</u> <u>RO</u>	<u>2019</u> <u>RO</u>
Materials and spares consumed	4,975,883	4,552,156
Employee related costs [note 26 b)]	2,017,047	1,714,786
Fuel, electricity and water	2,046,648	1,730,112
Repairs and maintenance	61,984	100,674
Hire charges	20,587	6,108
Allowance for slow and non-moving inventories [note 9)]	57,230	(142,974)
Depreciation on property plant and equipment	1,350,888	1,618,606
	<u>10,530,267</u>	<u>9,579,468</u>

MAJAN GLASS COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

24 Other income

	<u>2020</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>
Amounts no longer payable reversed to income	56,374	26,784
Sale of scrap	37,408	25,087
Income from insurance claim	779	339,884
Profit on disposal of property, plant and equipment	-	1,148
Foreign exchange gain	-	13,145
Lease rent abatement	29,239	-
Miscellaneous income	4,046	9,365
	<u>127,846</u>	<u>415,413</u>

25 General and administrative expenses

	<u>2020</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>
Salaries and employee related costs (note 26 b)	621,050	584,633
Insurance	135,761	116,699
Directors' meeting attendance fees (note 11)	22,000	20,500
Travelling expenses	6,830	21,283
Legal and professional charges	57,980	92,372
Communication	33,028	33,176
Information technology	15,867	19,490
Vehicle expenses	10,763	14,212
Recruitment expenses	2,615	9,616
Miscellaneous expenses	58,263	28,599
	<u>964,157</u>	<u>940,580</u>

26 Employee related costs

a) Salaries and employee related costs comprise:

	<u>2020</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>
Salaries and wages	2,222,538	1,913,160
Contributions to defined retirement plan for Omani employees	67,233	61,825
Cost of end of service benefits for expatriate employees	42,045	44,207
Other employee related costs	306,281	280,227
	<u>2,638,097</u>	<u>2,299,419</u>

MAJAN GLASS COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

26 Employee related costs (continued)

b) Salaries and employee related costs

	<u>2020</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>
Cost of operations (note 23)	2,017,047	1,714,786
General and administration (note 25)	621,050	584,633
	<u>2,638,097</u>	<u>2,299,419</u>

Salaries and employee related costs allocation are made based on cost centers.

27 Selling and distribution expenses

	<u>2020</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>
Freight charges	1,360,268	905,320
Sales commission	33,384	37,768
Site inspection expenses	-	5,800
Other expenses	12,761	28,612
	<u>1,406,413</u>	<u>977,500</u>

28 Finance costs

	<u>2020</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>
Interest on bank borrowings	120,060	95,050
Interest on term loan	227,946	249,136
Letter of credit charges	4,304	3,562
Bank charges	45,504	49,709
Finance cost on lease land	29,270	-
	<u>427,084</u>	<u>397,457</u>

29 Basic loss per share

Basic loss per share is calculated by dividing the net loss for the year after income tax by the weighted average number of shares outstanding during the year.

	<u>2020</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>
Net loss for the year (RO)	(1,047,128)	(608,476)
Weighted average number of shares outstanding	42,023,300	42,023,300
Basic loss per share (RO)	<u>(0.025)</u>	<u>(0.014)</u>

MAJAN GLASS COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

30 Contingencies and commitments

	<u>2020</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>
Capital commitments	120,000	-
Letter of credit	767,828	244,556

The Board of Directors of the company have approved OMR 120,000/- as capital expenditure to renew the Civil Defense License during the year 2021 and the Management of the company is taking necessary steps to renew the same.

31 Capital management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Company also ensures compliance with externally imposed capital requirements.

In the context of managing capital (equity), the Company has covenanted with banks providing external debt to maintain specified ratios. At the end of the reporting period, certain ratios were not within the covenanted level and the Company intends to comply with the requirements of the banks in the near future.

32 Financial instruments and related risk management

The Company's financial assets include accounts and other receivables, cash and bank balances. Financial liabilities include term loans, bank borrowings, lease liabilities, accounts and other payables.

The Company's activities expose it to various financial risks, primarily being market risk (including currency risk and interest risk) credit risk and liquidity risk. The Company's risk management is carried out internally in accordance with the policies approved by the Board of Directors.

a) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. It is managed by continuous review and adjustments in sales strategy.

i) Currency risk

The Company operates in international markets, however, the Company is substantially independent of changes in foreign currency rates as its foreign currency dealings are principally in US Dollars (USD), Saudi Rials (SAR) and UAE Dirhams (AED) which are effectively pegged to the Rials Omani.

MAJAN GLASS COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

32 Financial instruments and related risk management (continued)

a) Market risk (continued)

ii) Interest rate risk

The Company has call deposits and bank borrowings. The deposits with banks and borrowings carry interest on commercial terms. The Company is exposed to interest rate risk resultant from its borrowings. The risk is managed by maintaining an appropriate mix between fixed and floating interest rate balances at the start of the financial year, if required.

For every 0.5% change in interest rate, the impact on the statement of comprehensive income will be approximately to RO 4,200 (31 December 2019: RO 4,200) based on the level of borrowing net of call deposits at the reporting date.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade receivables from customers.

Exposure to credit risk

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

	<u>2020</u> <u>RO</u>	<u>2019</u> <u>RO</u>
Accounts receivables (net) and other receivables	1,694,728	2,103,034
Cash and bank balances	463,185	683,391
	<u>2,157,913</u>	<u>2,786,425</u>

Credit risk on accounts receivable is limited to their carrying values as Management regularly reviews these balances to assess recoverability and makes provision for balances whose recoverability is in doubt. Credit risk is managed mainly through credit terms to customers backed by confirmed letters of credit. There is no concentration of credit risk with respect to accounts receivables as the Company has a large number of customers, internationally dispersed.

The Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating.

MAJAN GLASS COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

32 Financial instruments and related risk management (continued)

b) Credit risk (continued)

Exposure to credit risk (continued)

Exposures within each credit risk grade are segmented by geographic region and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past five years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

As for each potential customer there is no independent rating, the Company's credit committee assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. Relevant details about the trade receivables are as follows:

The age analysis of accounts receivable and related impairment loss at the reporting date is:

	Weighted average loss rate %	Gross amount RO	Loss allowance RO	Net carrying amount RO	Credit impaired
31 December 2020					
Less than 60 days	0.43%	1,469,662	6,247	1,463,415	No
Between 61-90 days	12.66%	9,147	1,158	7,989	Yes
Between 91-300 days	5.75%	84,608	4,866	79,742	Yes
More than 300 days	76.83%	25,602	19,669	5,933	Yes
		<u>1,589,019</u>	<u>31,940</u>	<u>1,557,079</u>	
	Weighted average loss rate %	Gross amount RO	Loss allowance RO	Net carrying amount RO	Credit impaired
31 December 2019					
Less than 60 days	0.79%	1,272,988	10,063	1,262,925	No
Between 61-90 days	3.33%	579,929	19,320	560,609	Yes
Between 91-300 days	13.91%	195,411	27,190	168,221	Yes
More than 300 days	90.94%	2,958	2,690	268	Yes
		<u>2,051,286</u>	<u>59,263</u>	<u>1,992,023</u>	

The Company did not identify any material impairment loss on other financial assets as at the reporting date.

MAJAN GLASS COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

32 Financial instruments and related risk management (continued)

c) Liquidity Risk

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

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. Management maintains flexibility in funding by maintaining availability under committed credit lines.

Based on the contractual maturity date, the analysis of financial liabilities is as follows:

	Less than 6 months RO	6 months to 1 year RO	More than 1 year RO	Total RO
At 31 December 2020				
Term Loans	523,951	431,474	2,209,998	3,165,423
Bank borrowings	1,474,136	-	-	1,474,136
Accounts and other payables	3,268,918	-	-	3,268,918
Lease liabilities	100,269	-	177,922	278,191
	<u>5,367,274</u>	<u>431,474</u>	<u>2,387,920</u>	<u>8,186,668</u>
	Less than 6 months RO	6 months to 1 year RO	More than 1 year RO	Total RO
At 31 December 2019				
Term Loans	226,624	326,273	3,066,948	3,619,845
Bank borrowings	1,940,830	-	-	1,940,830
Accounts and other payables	2,352,883	-	-	2,352,883
Lease liabilities	87,684	-	278,191	365,875
	<u>4,608,021</u>	<u>326,273</u>	<u>3,345,139</u>	<u>8,279,433</u>

The notes on pages 10 to 37 form part of these financial statements.