

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

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

#### **Opinion**

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

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

#### **Basis for opinion**

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

#### **Key audit matters**

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

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### Key audit matters (continued)

#### Key audit matter

#### How the matter was addressed in the audit

#### Revenue recognition

Total revenue recognized during the year by the Parent company amounted to RO 438.67 Million and the Group amounted to RO 442.39 Million.

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

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

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

Refer to notes 3 and 19 for more details about revenue recognized during the year.

Our procedures in relation to revenue recognition are as follows:

- Understood the process and evaluated the design and implementation and tested the operating effectiveness of the internal controls over revenue recognition for all revenue streams of the Group.
- Understood, evaluated and tested the Group's accounting policies against the requirements of IFRSs, our understanding of the business and related industry practice.
- Understood the terms of the revenue contracts of the Group with their customers.
- Performed substantive analytical procedures to determine revenue by using total quantities sold to predict revenue.
- Performed test of details to verify occurrence and accuracy of revenue transactions on a sample basis.
- Performed sales cut-off procedures and selected a sample of invoices before and after year-end to test whether sales are recorded in the appropriate period.

Evaluated the disclosures relating to revenue to determine if they are in compliance with the requirements of IFRSs.

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**Other information**

The Board of Directors (the "Board") is responsible for the other information. The other information comprises the Directors Report, Corporate Governance Report and Management Discussion and Analysis Report. The other information does not include the financial statements and our audit report thereon.

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

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

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

**Responsibilities of Board of Directors and those charged with governance for the financial statements**

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and their preparation in compliance with the relevant disclosure requirements of the Commercial Companies Law of 2019 and the disclosure requirement of issued by the Capital Market Authority of Sultanate of Oman (the "CMA"), and for such internal control as the Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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



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### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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**Auditor's responsibilities for the audit of the financial statements (continued)**

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

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

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

**Report on other legal and regulatory requirements**

In our opinion, the parent company and consolidated financial statements comply, in all material respects, with the relevant disclosure requirements of the Commercial Companies Law of 2019, and the disclosure requirements issued by the Capital Market Authority

*Deloitte & Touche.*

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

**Signed by  
Ahmed Al Qassabi  
Partner**

