

Separate and Consolidated Financial Statements

National Gas Company SAOG and its Subsidiaries

31 March 2024

National Gas Company SAOG and its Subsidiaries

**Separate and consolidated statement of financial position
as at 31 March 2024**

	Notes	Parent Company		Group	
		2024 RO	2023 RO	2024 RO	2023 RO
ASSETS					
Non-current assets:					
Property, plant and equipment	6	5,643,639	5,656,930	19,320,752	20,627,180
Right-of-use assets	7	167,081	167,747	2,079,087	2,400,605
Financial assets at fair value through OCI	8	977,231	1,138,416	977,231	1,138,416
Investment in subsidiaries	9	9,511,881	8,896,754	-	-
Goodwill	9	-	-	6,866,930	7,334,143
Loan to related parties	24	537,078	466,571	-	-
Trade and other receivables	12	-	-	-	-
Total non-current assets		16,836,910	16,326,418	29,244,000	31,500,344
Current assets:					
Inventories	11	862,014	756,840	1,705,080	1,529,768
Trade and other receivables	12	3,480,762	4,096,200	12,074,713	12,973,304
Loan to related parties	24	58,259	-	-	-
Cash and bank balances	13	342,928	75,618	1,260,100	689,150
		4,743,963	4,928,658	15,039,893	15,192,222
Assets of disposal group / non-current assets classified as held-for-sale	10	52,580	134,685	672,193	1,097,911
Total current assets		4,796,543	5,063,343	15,712,086	16,290,133
Total assets		21,633,453	21,389,761	44,956,086	47,790,477
EQUITY AND LIABILITIES					
Capital and reserves:					
Share capital	14	8,500,000	8,500,000	8,500,000	8,500,000
Share premium	15	1,787,632	1,787,632	1,787,632	1,787,632
Legal reserve	16	1,974,785	1,970,645	1,974,785	1,970,645
Other reserves	17	300,000	300,000	505,972	522,886
Fair value reserve		457,306	543,874	457,306	543,874
Revaluation reserve	18	3,760,631	3,760,631	4,069,163	4,090,156
Foreign currency translation reserve		-	-	(3,790,679)	(3,066,383)
Retained earnings		286,418	236,374	4,607,794	5,058,674
Equity attributable to owners of the Parent Company		17,066,772	17,099,156	18,111,973	19,407,484
Non-controlling interest		-	-	7,296,415	7,883,441
Total equity		17,066,772	17,099,156	25,408,388	27,290,925
LIABILITIES					
Non-current liabilities:					
Lease liabilities	20	138,016	168,838	1,791,206	2,023,587
Staff terminal benefits	21	228,130	277,794	251,511	325,939
Deferred tax liability - net	30	418,612	416,244	2,285,977	2,587,691
Total non-current liabilities		784,758	862,876	4,328,694	4,937,217
Current liabilities:					
Accounts payable and accruals	22	1,242,866	972,932	8,398,723	7,772,260
Current portion of lease liabilities	20	52,486	27,292	224,391	216,522
Bank overdrafts	13	879,637	402,758	879,637	417,076
Borrowings	19	1,606,934	1,988,943	5,675,722	6,942,950
Provision for taxation	30	-	35,804	9,439	45,770
		3,781,923	3,427,729	15,187,912	15,394,578
Liabilities directly associated with disposal group classified as held-for-sale	10	-	-	31,092	167,757
Total current liabilities		3,781,923	3,427,729	15,219,004	15,562,335
Total liabilities		4,566,681	4,290,605	19,547,698	20,499,552
Total equity and liabilities		21,633,453	21,389,761	44,956,086	47,790,477
Net assets per share	23	0.201	0.201	0.213	0.228

The separate and consolidated financial statements and the accompanying notes from 1 to 40 were authorised for issue by the Board of Directors on 30th April 2024 and were signed on its behalf by:

Chairman

Director

Chief Executive Officer

Head of Finance

The accompanying notes from 1 to 40 form an integral part of these separate and consolidated financial statements.

National Gas Company SAOG and its Subsidiaries

**Separate and consolidated statement of profit or loss and other comprehensive income
for the year ended 31 March 2024**

	Notes	Parent Company		Group	
		2024 RO	2023 RO	2024 RO	2023 RO
Revenue	25	2,231,737	2,600,328	20,617,639	21,839,240
Cost of revenue	26	(1,987,655)	(2,353,312)	(19,653,424)	(20,700,528)
Gross profit		244,082	247,016	964,215	1,138,712
Administrative and selling expenses	27	(317,554)	(312,170)	(870,702)	(913,909)
Operating (loss) / profit before depreciation		(73,472)	(65,154)	93,513	224,803
Other income - net	29	61,878	127,759	42,986	230,629
Finance costs		(36,999)	(37,857)	(171,005)	(148,139)
Profit / (loss) before tax		(48,593)	24,748	(34,506)	307,293
Income tax	30	-	-	(44,028)	(89,816)
Profit / (loss) after tax from continuing operations		(48,593)	24,748	(78,534)	217,477
Profit / (loss) from discontinued operations	31	-	-	(12,737)	6,844
Profit / (loss) for the year		(48,593)	24,748	(91,271)	224,321
Other comprehensive income / (loss)					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Changes in fair value of financial assets at fair value through OCI		(1,574)	58,383	(1,574)	58,383
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange difference on translation of foreign operations		-	-	(526,604)	(18,797)
Other comprehensive income / (loss)		(1,574)	58,383	(528,178)	39,586
Total comprehensive income / (loss)		(50,167)	83,131	(619,449)	263,907
Profit / (loss) attributable to:					
Owners of the Parent Company		(48,593)	24,748	(104,026)	133,894
Non-controlling interest		-	-	12,755	90,427
Total profit / (loss)		(48,593)	24,748	(91,271)	224,321
Total comprehensive income / (loss) attributable to:					
Owners of the Parent Company		(50,167)	83,131	(424,316)	181,146
Non-controlling interest		-	-	(195,133)	82,761
Total comprehensive income / (loss)		(50,167)	83,131	(619,449)	263,907
Basic and diluted earning / (loss) per share:					
From continuing operations		(0.001)	0.000	(0.001)	0.001
From discontinued operations		-	-	(0.000)	0.000
Total profit / (loss) per share	32	(0.001)	0.000	(0.001)	0.002

The accompanying notes from 1 to 40 form an integral part of these separate and consolidated financial statements.

National Gas Company SAOG and its Subsidiaries

**Separate statement of changes in equity
for the year ended 31 March 2024**

Parent Company

	Share capital RO	Share premium RO	Legal reserve RO	Other reserve RO	Fair value reserve RO	Revaluation reserve RO	Retained earnings RO	Total RO
At 1 January 2023	8,500,000	1,787,632	1,968,170	300,000	485,491	3,760,631	214,101	17,016,025
Loss for the year	-	-	-	-	-	-	24,748	24,748
Other comprehensive income for the year	-	-	-	-	58,383	-	-	58,383
Total comprehensive income / (loss) for the year	-	-	-	-	58,383	-	24,748	83,131
Transfer to legal reserve	-	-	2,475	-	-	-	(2,475)	-
At 31 March 2023	8,500,000	1,787,632	1,970,645	300,000	543,874	3,760,631	236,374	17,099,156

	Share capital RO	Share premium RO	Legal reserve RO	Other reserve RO	Fair value reserve RO	Revaluation reserve RO	Retained earnings RO	Total RO
At 1 January 2024	8,500,000	1,787,632	1,974,785	300,000	520,256	3,760,631	273,635	17,116,939
Profit for the year	-	-	-	-	-	-	(48,593)	(48,593)
Sale of investment	-	-	-	-	(61,376)	-	61,376	-
Other comprehensive income for the year	-	-	-	-	(1,574)	-	-	(1,574)
Total comprehensive income for the year	-	-	-	-	(62,950)	-	12,783	(50,167)
At 31 March 2024	8,500,000	1,787,632	1,974,785	300,000	457,306	3,760,631	286,418	17,066,772

The accompanying notes from 1 to 40 form an integral part of these separate and consolidated financial statements.

National Gas Company SAOG and its Subsidiaries

Consolidated statement of changes in equity for the year ended 31 March 2024

Group	Equity attributable to the owners of the Parent Company										
	Share capital	Share premium	Legal reserve	Other reserves	Fair value reserve	Revaluation reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO
At 1 January 2023	8,500,000	1,787,632	1,968,170	523,086	485,491	4,090,473	(3,055,769)	4,927,255	19,226,338	7,800,680	27,027,018
(Loss) / profit for the year	-	-	-	-	-	-	-	133,894	133,894	90,427	224,321
Other comprehensive income for the year											
Exchange difference on translation of foreign operations	-	-	-	(200)	-	(317)	(10,614)	-	(11,131)	(7,666)	(18,797)
Changes in fair value of financial assets at fair value through OCI	-	-	-	-	58,383	-	-	-	58,383	-	58,383
Total comprehensive income / (loss) for the year	-	-	-	(200)	58,383	(317)	(10,614)	133,894	181,146	82,761	263,907
Transfer to Legal Reserve	-	-	2,475	-	-	-	-	(2,475)	-	-	-
At 31 March 2023	8,500,000	1,787,632	1,970,645	522,886	543,874	4,090,156	(3,066,383)	5,058,674	19,407,484	7,883,441	27,290,925

Group	Equity attributable to the owners of the Parent Company										
	Share capital	Share premium	Legal reserve	Other reserves	Fair value reserve	Revaluation reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO
At 1 January 2024	8,500,000	1,787,632	1,974,785	511,541	520,256	4,077,962	(3,486,331)	4,650,444	18,536,289	7,491,548	26,027,837
Profit / (loss) for the year	-	-	-	-	-	-	-	(104,026)	(104,026)	12,755	(91,271)
Other comprehensive income for the year											
Exchange difference on translation of foreign operations	-	-	-	(5,569)	-	(8,799)	(304,348)	-	(318,716)	(207,888)	(526,604)
Sale of Investment	-	-	-	-	(61,376)	-	-	61,376	-	-	-
Changes in fair value of financial assets at fair value through OCI	-	-	-	-	(1,574)	-	-	-	(1,574)	-	(1,574)
Total comprehensive income / (loss) for the year	-	-	-	(5,569)	(62,950)	(8,799)	(304,348)	(42,650)	(424,316)	(195,133)	(619,449)
At 31 March 2024	8,500,000	1,787,632	1,974,785	505,972	457,306	4,069,163	(3,790,679)	4,607,794	18,111,973	7,296,415	25,408,388

The accompanying notes from 1 to 40 form an integral part of these separate and consolidated financial statements.

National Gas Company SAOG and its Subsidiaries

Separate and consolidated statement of cash flows for the year ended 31 March 2024

	Notes	Parent Company		Group	
		2024 RO	2023 RO	2024 RO	2023 RO
Operating activities:					
Profit / (loss) before tax		(48,593)	24,748	(34,506)	307,293
Adjustments for:					
Depreciation on property, plant and equipment	6	55,132	54,069	553,033	537,851
Depreciation on right-of-use assets	7	12,995	16,382	80,126	86,126
Interest income	30	(10,014)	(15,864)	(6,668)	(10,239)
Dividend income	30	(38,238)	(56,074)	(38,238)	(56,074)
Finance costs		36,999	37,857	171,005	148,139
Charge for staff terminal benefits	21	10,082	16,176	10,678	20,966
Loss / (gain) on disposal of property, plant and equipment	30	(12,277)	(47,144)	(12,277)	(57,881)
Operating cash flows before working capital changes		6,086	30,150	723,153	976,181
Working capital changes:					
Inventories		(32,374)	19,006	(191,086)	(46,795)
Trade and other receivables		755,831	640,561	(47,024)	(101,418)
Accounts payable and accruals		(769,089)	(487,782)	(3,037,125)	(1,103,449)
Net cash (used in)/generated from operations		(39,546)	201,935	(2,552,082)	(275,481)
Payment of staff terminal benefits	21	(33,587)	(18,975)	(39,499)	(29,880)
Tax paid		-	-	(22,437)	-
Net cash (used in) / generated from operating activities		(73,133)	182,960	(2,614,018)	(305,361)
Investing activities:					
Purchase of property, plant and equipment	6	(34,080)	(3,886)	(343,311)	(731,150)
Proceeds from disposal of property and equipment		13,260	59,212	13,258	70,353
Proceeds from disposal of subsidiary		-	-	-	1,133,907
Proceeds from Sale of Investment		135,993	-	135,993	-
Lease payments		(16,092)	-	(100,062)	(84,586)
Amounts (paid)/received from related parties		14,028	(100,000)	-	-
Dividends received		38,238	56,074	38,238	56,074
Dividend income from subsidiary		-	-	-	-
Interest income received		10,014	15,864	6,668	10,239
Net cash generated from / (used in) investing activities		161,361	27,264	(249,216)	454,837
Financing activities:					
Proceeds from / (repayment of) long term loans		-	-	-	-
Interest expense paid		(34,443)	(35,348)	(130,682)	(106,035)
(Repayments of) / proceeds from short term loan		(5,954)	(70,163)	2,472,603	(534,048)
Net cash (used in) / generated from financing activities		(40,397)	(105,511)	2,341,921	(640,083)
Net changes in cash and cash equivalents		47,831	104,713	(521,313)	(490,607)
Net movement in foreign translation reserve		-	-	225,973	(132,955)
Cash and cash equivalents at beginning of the year		(584,540)	(431,853)	742,142	928,614
Cash and cash equivalents at end of the year	13	(536,709)	(327,140)	446,802	305,052
Cash and cash equivalents comprise of:					
Cash and bank balances		342,928	75,618	1,260,100	689,150
Bank overdrafts		(879,637)	(402,758)	(879,637)	(417,076)
The separate and consolidated financial Cash and bank balances - discontinued operations	13	(536,709)	(327,140)	380,463	272,074
	13	(536,709)	(327,140)	446,802	305,052

The accompanying notes from 1 to 40 form an integral part of these separate and consolidated financial statements.

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

1 Corporate information

National Gas Company SAOG (the "Parent Company" or the "Company") is registered under Commercial Companies Law, 2019 of the Sultanate of Oman with commercial registration number 1083171 as a joint stock company in the Sultanate of Oman. The Company was incorporated on 9 April 1979. The Company has been established to operate Liquefied Petroleum Gas ("LPG") filling plants and is engaged in the marketing and selling of LPG.

2 Statement of compliance and basis of preparation and consolidation

2.1 Statement of compliance and basis of preparation

The separate and consolidated financial statements of the Parent Company and the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

These separate and consolidated financial statements have been prepared on the historical cost basis except for land and financial assets at fair value through other comprehensive income (FVOCI) that have been measured at fair value. The Group performs equity accounting for its investment in its associates and joint ventures in the consolidated financial statements and the investments are held at cost less impairment, if any, in the Parent Company's financial statements.

The financial statements have been presented in Rial Omani which is the functional currency of the Parent Company and presentation currency for these separate and consolidated financial statements.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 March 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Profit or loss and other comprehensive income or loss of a subsidiary acquired or disposed of during the year are recognised from the date the Group gains control until the date the Group ceases to control the subsidiary.

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

2 Statement of compliance and basis of consolidation (continued)

2.2 Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the owners of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance based on their respective ownership interest. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in other comprehensive income;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in consolidated income statement; and
- Reclassifies the Parent Company's share of components previously recognised in other comprehensive income to consolidated income statement or retained earnings, as appropriate.

In the separate financial statements, the investment in the subsidiaries is carried at cost less impairment, if any.

The consolidated financial statements incorporate the following subsidiary companies in which the Group has a controlling interest:

	Principal activity	Ownership As at 31 March	
		2024	2023
Incorporated in UAE			
NGC Energy LLC	LPG distribution	49%	49%
NGC Central Gas Systems LLC	Trading activity	49%	49%
Arabian Oil LLC	Trading activity	0%	49%
Incorporated in KSA			
NGC Energy Saudi LLC	LPG Installations	100%	100%
Incorporated in Mauritius			
Innovative Energy Holdings Mauritius Limited	Investments	100%	100%
Group Holdings			
Incorporated in Malaysia			
NGC Consolidated Holding SDN BHD Malaysia	Investments	100%	100%
NGC Energy SDN BHD	LPG distribution	60%	60%

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

2 Statement of compliance and basis of consolidation (continued)

2.2 Basis of consolidation (continued)

All the subsidiaries have the year end of 31 December.

NGC Energy LLC has been formed for taking over commercial activities from NGC Energy FZE from 1 January 2015. To comply with local UAE laws, 51% of the shares in NGC Energy LLC were transferred to the local Emirati company whereas the Parent Company still holds the management control over the entity and all variability of returns are with the Company. As per the strategic decision to exit from the LPG trading business from the UAE market, this entity has stopped its operation from the later part of 2022 and will be closed in 2024.

NGC Central Gas Systems LLC was formed in 2018 to expand the LPG and Equipment trading business in the region of Abu Dhabi. The Parent Company holds 49% shares with management control and all variability of returns are with the Company. As per the strategic decision to exit from the LPG trading business from the UAE market, this entity has stopped its operation from the later part of 2022 and it is currently under liquidation.

Arabian Oil LLC was formed in 2018 to expand the LPG and Equipment trading business in the region of UAE. The Parent Company held 49% shares with management control and all variability of returns are with the Company. As per the strategic decision to exit from the LPG trading business from the UAE market, this entity has stopped its operation from the later part of 2022. The Company transferred its 49% shares to the remaining 51% shareholder, after taking over all the assets and liabilities of the entity in September 2023.

NGC Energy Saudi LLC was formed in November 2014 in the Kingdom of Saudi Arabia (KSA) and is primarily engaged in executing LPG installations in the KSA market.

The Group also holds control over NGC Consolidated Holding SDN BHD Malaysia, through their 100% stake in Innovative Energy Holdings Mauritius Limited which was incorporated in 2012. NGC Consolidated Holding SDN BHD Malaysia is a joint venture partner in NGC Energy SDN BHD with a holding of 60%, and Non Controlling Interest in this respect is 40%.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between 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 or significant influence, any retained interest in the entity is remeasured to its fair value, 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.

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

2 Statement of compliance and basis of consolidation (continued)

2.2 Basis of consolidation (continued)

Transactions with non-controlling interests

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Investment in equity-accounted investee

The Group's investment in its associate, an entity in which the Group have significant influence, is accounted for using the equity method.

Under the equity method, the investment in an associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate are included in the carrying amount of the investment and are neither amortised nor individually tested for impairment.

The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of results of operations of the associate. When there has been a change recognised in other comprehensive income or directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in other comprehensive income.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit or loss of associate is shown on the face of the consolidated statement of profit or loss and other comprehensive income.

The financial statements of the associate are prepared for the same reporting period as the Parent Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is an objective evidence that the investment in associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in the consolidated statement of profit or loss.

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

3 Adoption of new and amended IFRS Accounting Standards

3.1 New standards, amendments and interpretations to existing IFRS Accounting Standards effective 01 January 2023

Following new Standards, amendments to Standards and Interpretations have become effective for the first time for the reporting periods beginning on or after 01 January 2023:

- IFRS 17 and Amendment to IFRS 17 – Insurance Contracts
- Amendment to IAS 8 – Definition of Accounting Estimates
- Amendment to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
- Amendments to IAS 12 – International Tax Reform—Pillar Two Model Rules

The Company has adopted all of the above new Standards and amendments, and it has accounted for and disclosed in the financial statements all the relevant requirements of the new Standards and amendments of existing standards, that were applicable to the Company.

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

Following are the new standards and amendments to existing standards that have been issued, but not yet effective, and are applicable for future reporting periods

Standards/Amendments to Standards	Effective for the annual periods beginning on or after
Amendment to IAS 1 – Classification of Liabilities as Current or Non-current	01 January 2024
Amendment to IAS 1 – Non-current Liabilities with Covenants	01 January 2024
Amendment to IFRS 16 – Lease Liability in a Sale and Leaseback	01 January 2024
Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements	01 January 2024
Amendments to IAS 21 – Lack of Exchangeability	01 January 2025
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed indefinitely

Management believes that adoption of the above new Standards and amendments, which are in issue but not yet effective, is not likely to have any material impact on the presentation and disclosure of items in the financial statements of the Company for the future periods.

4 Material accounting policy information

The material accounting policy information set out below have been applied consistently by the Company / Group to all period presented in these financial statements.

4.1 Revenue recognition

The majority of the Group's revenue is derived from selling LPG to local customers with revenue recognised at a point in time when control of the goods have transferred to the customer. This is generally when the goods are delivered to the customer.

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

4 Material accounting policy information (continued)

4.1 Revenue recognition (continued)

The Group uses the following 5 steps model for revenue recognition.

1. Identifying the contract with a customer
2. Identifying performance obligation
3. Determining the transaction price
4. Allocating the transaction price to the performance obligation
5. Recognising revenue when / as performance obligations are satisfied

If the costs incurred to fulfil a contract are in the scope of other guidance, the Group accounts for such costs using the other guidance.

Group amortises the asset recognised for the costs to obtain and/or fulfil a contract on a systematic basis, consistent with the pattern of transfer of the good or service to which the asset relates. In the case of an impairment, Group recognises these losses to the extent that the carrying amount of the asset exceeds the recoverable amount.

The accounting policies of the Parent Company for the purpose of separate financial statements are the same as that of the Group unless otherwise stated.

Group has different streams of revenue. Revenue from all streams are recorded when control passes to the customer. Broadly, revenue of the Group can be divided into 5 main classifications. These classifications and their revenue recognition policy are as follows:

Local sales: The Group is engaged in selling 3 products to local customers: LPG, lubricants, and cylinder. Following is the time when the revenue of each product is recorded.

- LPG: Revenue from local sale of LPG is recognised at a point in time when control of the goods is transferred to the customer. This is generally when the goods are delivered to the customer.
- Lubricant: Revenue from local sale of lubricant is recognised at a point in time when control of the goods is transferred to the customer. This is generally when the goods are delivered to the customer.
- Gas cylinder: Revenue from local sale of gas cylinder is recognised at a point in time when control of the goods is transferred to the customer. This is generally when the goods are delivered to the customer.

Export sales: For export sales, revenue is recorded when the control passes to the customer, i.e., when goods are delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer.

Franchisee fees: Revenue from franchisee fee is recognized on monthly basis as agreed on the contract with the customer since all the obligations are deemed to be satisfied at that point in time and the consideration received is non-refundable, the revenue arising therefrom is recognised on a straight-line basis at point in time.

Support service fees: Support service fee includes management services. Since these services are made available to the customers on 'as and when needed' basis, the revenue arising therefrom is recognised on a straight-line basis over the period of time such services are performed.

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

4 Material accounting policy information (continued)

4.1 Revenue recognition (continued)

Project revenue: The Group measures its project completion status using survey method (output method). Revenue from such project is recognised over the period of project life if any of the following conditions are met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- the entity's performance creates or enhances an asset (for example, work-in-progress) that the customer controls as the asset is created or enhanced;
- the entity's performance does not create an asset with an alternative use; and
- the entity has right to payment for performance completed to date.

Revenue from contracts with customers shall be segregated from revenue from other sources (i.e. finance income).

Dividend income

Dividend income is recognised when the right to receive dividend is established.

Interest income

Interest income is recognised as the interest accrues using the effective interest method.

4.2 Taxation

Taxation is provided in accordance with fiscal regulations applicable to each country of operation.

Deferred income taxation is provided using the balance sheet liability method on all temporary differences at the reporting date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the reporting date.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

4.3 Property, plant and equipment

Property, plant and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of being operated in the manner intended by the Group. Property, plant and equipment are subsequently measured using the cost model i.e; cost less accumulated depreciation and impairment losses, except for land which is subsequently revalued, on an asset-by-asset basis, to their market values. Valuations of land is normally carried out every five years, on an open market value, for existing use basis. This period may be reduced for classes of land in respect of which market conditions have changed significantly. The carrying amounts, both those revalued and those measured at cost, are reviewed at each reporting date to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed this recoverable amount assets are written down to their recoverable amount.

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

4 Material accounting policy information (continued)

4.3 Property, plant and equipment (continued)

When an asset is revalued, any increase in the carrying amount arising on revaluation is credited under revaluation reserve in other comprehensive income, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit or loss, in which case the increase is recognised in the profit or loss. A revaluation deficit is recognised in the profit or loss except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Expenditure incurred to replace a component of an item of property, plant and equipment, that is accounted for separately, is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the separate and consolidated statement of profit or loss as the expense is incurred.

Depreciation

Land and capital work-in-progress are not depreciated. The cost or valuation, less estimated residual value, of other property, plant and equipment is depreciated by equal annual instalments over the estimated useful lives of the assets. Capital work-in-progress is transferred into appropriate asset categories upon the completion of projects and depreciation is provided from that date.

The rates of depreciation are based on the following estimated useful lives:

	2024	2023
	Years	Years
Building	20	20
Plant and equipment	5-15	5-15
Tractors and trailers	5-10	5-10
Motor vehicles	4	4
Furniture and fittings	5	5
Software	3	3
Cylinders	10	10

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the separate and consolidated statement of profit or loss when the asset is derecognised.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

4 Material accounting policy information (continued)

4.4 Business combinations, goodwill and intangible assets

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date's fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in the consolidated statement of profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If any obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in separate and consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefits from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generation unit retained.

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

4 Material accounting policy information (continued)

4.5 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

The Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the separate and consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease, if that rate is readily available, or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

4 Material accounting policy information (continued)

4.5 Leases (continued)

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Group as a lessor

As a lessor the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

4.6 Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants, when pricing the asset or liability, act in their economic best interest.

Underlying the definition of the fair value is the assumption that the Company is a going concern without any intention or requirements to curtail materially the scale of its operations or undertake a transaction on adverse terms.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the separate and consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

4 Material accounting policy information (continued)

4.6 Fair value measurement (continued)

- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the separate and consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques include discounted cash flow analysis or other valuation models.

4.7 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the separate and consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost of inventories is determined on the first in first out basis and includes all costs incurred in acquiring the inventories and bringing them to their existing location and condition.

4.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount or CGU.

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

4 Material accounting policy information (continued)

4.9 Impairment of non-financial assets (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of discontinued operations are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or CGUs recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the assets does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at revalued amount, in which case the

4.10 Cash and cash equivalents

For the purpose of separate and consolidated statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts, which are subject to an insignificant risk of changes in value and are held for the purpose of meeting short term cash commitments.

4.11 Employees' end of service benefits

The provision for end of service benefits is based upon the liability accrued in accordance with the terms of employment of the Group's employees at the reporting date, having regard to the requirements of the Oman Labour Law and Social Security Law.

Government of Oman Social Insurance Scheme (the Scheme)

The Group contributes to the Scheme for all Omani employees. The Scheme, which is a defined contributions retirement plan, is administered by the Government of Oman. The Group and Omani employees are required to make monthly contributions to the Scheme at 12.5% and 8% respectively, of gross salaries.

Non-Omani employee terminal benefits

The provision for end of service benefits for non-Omani employees is made in accordance with the requirements of the Oman Labour Law. Employees are entitled to end of service benefits calculated at the rate of one month basic salary for each year of continuous service. This is an unfunded defined benefits retirement plan. Accrued non-Omani staff terminal benefits are payable on termination of employment.

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

4 Material accounting policy information (continued)

4.12 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Group and they can be estimated reliably. Timing or amount of the outflow may still be uncertain.

A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Long term provisions are discounted to their present values, where the time value of money is material.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate of the Company's management.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Probable inflow of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

4.13 Foreign currencies transactions and translations

Transactions denominated in foreign currencies are translated to Rial Omani at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Rial Omani at exchange rates prevailing at that date. Foreign exchange differences arising on translation are recognised in the separate and consolidated statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of the transaction.

The functional currency of foreign subsidiaries, based in the United Arab Emirates, Kingdom of Saudi Arabia, Malaysia and Mauritius, are UAE Dirhams, Saudi Riyal, Malaysia Ringgits (RM) and US Dollars (USD), respectively. As at the reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Group (Rial Omani) at the rate of exchange prevailing at the reporting date and their statement of profit or loss and other comprehensive income is translated at the average exchange rates for the year. Foreign exchange differences arising on translation are recognised in the consolidated other comprehensive income.

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

4 Material accounting policy information (continued)

4.14 Directors' remuneration

The Parent Company follows the Commercial Companies Law (as amended), and other relevant directives issued by CMA, in regard to determination of the amount to be paid as Directors' remuneration. Directors' remuneration is charged to the statement of profit or loss in the year to which it relates.

4.15 Dividend distribution

Dividend distributions payable to shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

4.16 Non-current assets / disposal group / classified as held-for-sale and discontinued operations

The Group classifies non-current assets and disposal groups as held-for-sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held-for-sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of reclassification.

Equity accounting for investment in associate ceases once classified and included as held-for-sale.

Profit or loss from discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax gains or loss recognised on the remeasurement of fair value less cost to sell or on the disposal group constituting the discontinued operations.

4.17 Bank borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in the separate and consolidated statement of profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

4.18 Financial instruments

Recognition and de-recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are not recognised unless one of the parties has performed its part of the contract or a contract is the derivative contract. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Transaction cost attributable to financial assets at fair value through profit or loss is recognised in statement of profit or loss when incurred.

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

4 Material accounting policy information (continued)

4.18 Financial instruments (continued)

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI).

In the periods presented the Group does not have any financial assets categorised as FVTPL.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented separately in the statement of profit or loss.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Financial assets at fair value through other comprehensive income (FVOCI)

Equity instrument which are not held for trading or issued as contingent consideration in business combination, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss. This election is made on an investment-by-investment basis.

Debt instruments where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets. The Group's FVOCI includes quoted investments carried at fair value through other comprehensive income.

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

4 Material accounting policy information (continued)

4.18 Financial instruments (continued)

Impairment of financial assets

The impairment model applies to financial assets measured at amortized cost, contract assets receivables, lease receivables and debt investments at FVOCI, but not on investments in equity instruments.

Under IFRS 9, loss allowance are measured on either of the following bases:

- 12 months ECL: these are ECLs that result from possible default events within 12 months after the reporting date; and
- Lifetime ECL: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured as 12 months ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Finance assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

General approach

General approach is a three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognized based on the probability of default (PD) of the counter party occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognized based on the PD of the customer within next 12 months. Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset.

Significant increase in credit risk

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held) or based on the certain delinquency period (days past due).

Simplified approach

The Group applies simplified approach to measuring credit losses, which mandates recognition of lifetime expected loss allowance for trade receivables without significant financing component. Under simplified approach, there is no need to monitor for significant increases in credit risk and the Group will be required to measure lifetime expected credit losses at all times.

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

4 Material accounting policy information (continued)

4.18 Financial instruments (continued)

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Credit - impaired financial assets

At each reporting date, the Group 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.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Presentation of impairment

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to financial assets are presented separately in the separate and consolidated statement of profit or loss and other comprehensive income.

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest rate method except for derivative and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or loss recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the separate and consolidated statement of profit or loss and other comprehensive income are included within 'finance costs' or 'finance income'.

5 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the separate and consolidated financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The actual results may differ from the judgement, estimates and assumptions made by management.

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

5 Significant management judgement in applying accounting policies and estimation uncertainty (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the year in which estimates are revised and in future period effectived.

Significant management judgments

The following are significant judgements made by management in applying the accounting policies of the Group that have the most significant effect on these separate and consolidated financial statements.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group 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 Group's ability to continue as a going concern. Therefore, the separate and consolidated financial statements continue to be prepared on the going concern basis.

Recognition of deferred tax

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of existing contractual agreements, differences arising between the actual results 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 estimates, for possible consequences of finalisation of tax assessments of the Group.

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

Estimation uncertainty

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Useful lives of property, plant and equipment

Depreciation is charged so as to write off the cost of assets 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.

Provision for expected credit losses

Credit losses for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past experience and historical data, existing market conditions as well as forward-looking estimates at the end of each reporting period.

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

5 Significant management judgement in applying accounting policies and estimation uncertainty (continued)

Allowance for slow moving inventories

Allowance for slow moving inventories is based on management's assessment of various factors such as the usability, maintenance programs, and normal wear and tear using best estimates.

Impairment of goodwill

Goodwill are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash generating units to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Leases - determination of the appropriate discount rate to measure lease liabilities

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

6 Property, plant and equipment

Parent Company

	Freehold land RO	Building RO	Plant and equipment RO	Tractors and trailers RO	Motor vehicles RO	Furniture and fittings RO	Software RO	Capital work-in- progress RO	Total RO
Cost / revalued amount:									
At 1 January 2023	4,584,450	2,325,381	3,143,263	1,827,041	164,930	390,710	54,148	1,229	12,491,152
Additions	-	-	-	-	-	-	-	3,886	3,886
Disposals	-	(229,008)	(204,289)	-	(84)	(9,251)	-	-	(442,632)
At 31 March 2023	4,584,450	2,096,373	2,938,974	1,827,041	164,846	381,459	54,148	5,115	12,052,406
At 1 January 2024	4,584,450	2,108,389	2,950,058	1,920,716	174,660	393,373	64,770	337	12,196,753
Additions	-	-	8,978	-	-	2,428	-	22,674	34,080
Disposals	-	-	-	(117,360)	(22,049)	-	-	-	(139,409)
At 31 March 2024	4,584,450	2,108,389	2,959,036	1,803,356	152,611	395,801	64,770	23,011	12,091,424
Accumulated depreciation:									
At 1 January 2023	-	1,857,577	2,792,442	1,566,980	161,230	343,570	50,172	-	6,771,971
Charge for the year	-	11,891	19,969	17,331	350	4,068	460	-	54,069
Related to disposals	-	(223,262)	(198,132)	-	(84)	(9,086)	-	-	(430,564)
At 31 March 2023	-	1,646,206	2,614,279	1,584,311	161,496	338,552	50,632	-	6,395,476
At 1 January 2024	-	1,674,716	2,671,968	1,638,364	142,025	351,403	52,603	-	6,531,079
Charge for the year	-	9,754	18,925	18,498	2,456	4,184	1,315	-	55,132
Related to disposals	-	-	-	(116,378)	(22,048)	-	-	-	(138,426)
At 31 March 2024	-	1,684,470	2,690,893	1,540,484	122,433	355,587	53,918	-	6,447,785
Net book value:									
At 31 March 2024	4,584,450	423,919	268,143	262,872	30,178	40,214	10,852	23,011	5,643,639
At 31 March 2023	4,584,450	450,167	324,695	242,730	3,350	42,907	3,516	5,115	5,656,930

The Parent Company's land, building, plant and equipment with a carrying amount of RO 5.28 million (2023: RO 5.36 million) are mortgaged as securities for borrowings (Note 20).

In the opinion of management, there is no objective evidence that the above assets are impaired as at 31 March 2024 (2023: Nil).

During the year 2022, Parent Company carried out its revaluation of land by an independent valuer resulting in the revaluation surplus of RO 644,450. If the land had been carried at cost, the carrying amount at 31 March 2024 would have been RO 154,531 (2023: RO 154,531).

National Gas Company SAOG and its Subsidiaries

**Notes to the separate and consolidated financial statements
for the year ended 31 March 2024**

6 Property, plant and equipment (continued)

Group

	Freehold land RO	Building RO	Plant and equipment RO	Tractors and trailers RO	Motor vehicles RO	Furniture and fittings RO	Software RO	Cylinders RO	Capital work-in-progress RO	Total RO
Cost / revalued amount:										
At 1 January 2023	7,070,620	2,382,573	17,806,497	1,805,926	395,890	1,166,674	55,949	11,714,125	520,339	42,918,593
Exchange difference on translation	(2,388)	(23)	(14,061)	-	(202)	(725)	1	(11,262)	(498)	(29,158)
Additions	-	-	1,450	-	-	842	-	-	728,858	731,150
Disposals	-	(229,010)	(204,289)	-	(84)	(18,233)	-	-	-	(451,616)
Transfers	-	-	133,972	-	-	8,295	-	449,455	(591,722)	-
Reclassification	-	(33,332)	(12,560)	21,115	-	-	-	12,558	-	(12,219)
At 31 March 2023	7,068,232	2,120,208	17,711,009	1,827,041	395,604	1,156,853	55,950	12,164,876	656,977	43,156,750
At 1 January 2024	6,976,323	2,191,402	17,601,458	1,899,600	427,741	1,200,891	70,571	12,678,940	389,525	43,436,451
Exchange difference on translation	(66,317)	(637)	(405,378)	-	(6,520)	(21,636)	-	(351,869)	(10,791)	(863,148)
Additions	-	3,018	9,264	-	-	2,967	-	-	328,062	343,311
Disposals	-	-	-	(117,360)	(22,049)	-	-	(402)	-	(139,811)
Transfers	-	-	37,539	-	-	4,503	-	207,014	(249,056)	-
Reclassification	-	(33,332)	(12,083)	21,116	-	-	-	12,082	-	(12,217)
At 31 March 2024	6,910,006	2,160,451	17,230,800	1,803,356	399,172	1,186,725	70,571	12,545,765	457,740	42,764,586

NGC Energy Malaysia's property, plant and equipment with a carrying amount of RM 159,890,779 (2023: RM 164,532,420) are pledged as security for the borrowings (Note 19).

National Gas Company SAOG and its Subsidiaries

**Notes to the separate and consolidated financial statements
for the year ended 31 March 2024**

6 Property, plant and equipment (continued)

Group

	Freehold land RO	Building RO	Plant and equipment RO	Tractors and trailers RO	Motor vehicles RO	Furniture and fittings RO	Software RO	Cylinders RO	Capital work- in-progress RO	Total RO
Accumulated depreciation:										
At 1 January 2023	-	1,903,038	10,646,783	1,545,865	284,535	915,324	50,973	7,112,219	-	22,458,737
Exchange difference on translation	-	(11)	(7,658)	-	(113)	(543)	1	(6,934)	-	(15,258)
Charge for the year	-	12,167	267,950	16,981	7,547	19,060	610	212,786	-	537,101
Reclassification	-	(33,331)	-	21,465	-	-	-	-	-	(11,866)
Related to disposals	-	(223,244)	(198,132)	-	(84)	(17,684)	-	-	-	(439,144)
At 31 March 2023	-	1,658,619	10,708,943	1,584,311	291,885	916,157	51,584	7,318,071	-	22,529,570
At 1 January 2024	-	1,721,266	11,172,377	1,617,248	290,289	956,051	54,115	7,707,117	-	23,518,463
Exchange difference on translation	-	(359)	(238,883)	-	(3,907)	(16,571)	-	(216,897)	-	(476,617)
Charge for the year	-	10,384	261,977	18,498	11,230	20,787	1,798	228,359	-	553,033
Reclassification	-	(33,332)	-	21,117	-	-	-	-	-	(12,215)
Related to disposals	-	-	-	(116,379)	(22,049)	-	-	(402)	-	(138,830)
At 31 March 2024	-	1,697,959	11,195,471	1,540,484	275,563	960,267	55,913	7,718,177	-	23,443,834
Net book value:										
At 31 March 2024	6,910,006	462,492	6,035,329	262,872	123,609	226,458	14,658	4,827,588	457,740	19,320,752
At 31 March 2023	7,068,232	461,589	7,002,066	242,730	103,719	240,696	4,366	4,846,805	656,977	20,627,180

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

7 Right-of-use assets

The carrying amounts of right-of-use assets recognised and the movements during the year are as follows:

	Parent Company		Group	
	2024 RO	2023 RO	2024 RO	2023 RO
Gross carrying amount:				
As at 1 January	337,346	418,643	3,442,303	3,517,428
Exchange rate differences	-	-	(86,087)	(2,999)
Addition	-	-	-	47,389
Disposal	-	(54,196)	-	(54,196)
At 31 March	337,346	364,447	3,356,216	3,507,622
Accumulated depreciation and impairment:				
As at 1 January	157,270	201,997	1,227,623	1,043,412
Exchange rate differences	-	-	(30,620)	(842)
Depreciation	12,995	16,382	80,126	86,126
Disposal	-	(21,679)	-	(21,679)
At 31 March	170,265	196,700	1,277,129	1,107,017
Carrying amount as at 31 March	167,081	167,747	2,079,087	2,400,605

The table below describes the nature of the Group's leasing activities by type of right-of-use assets recognised in the separate and consolidated statement of financial position:

Right-of-use assets	Number of right-of-use assets leased	Range of remaining term	Number of leases with extension option	Number of leases with termination options
Land	7	1-5 years	7	-
Building	9	1-5 years	9	-

8 Financial assets at fair value through other comprehensive income (FVTOCI)

	Parent Company		Group	
	2024 RO	2023 RO	2024 RO	2023 RO
As at 1 January	1,114,798	1,080,033	1,114,798	1,080,033
Disposals	(135,993)	-	(135,993)	-
Fair value changes	(1,574)	58,383	(1,574)	58,383
At 31 March	977,231	1,138,416	977,231	1,138,416

Investments at FVTOCI can be analysed based on sectors as below:

	Parent Company and Group		Parent Company and Group	
	Cost	Fair value	Cost	Fair value
	2024 RO	2024 RO	2023 RO	2023 RO
Insurance	24,407	87,202	24,407	82,824
Industrial	-	-	40,000	60,000
Investment	14,143	231,700	14,143	248,748
Banking	159,541	294,709	159,541	309,912
Telecommunication	32,602	20,468	32,814	22,000
Services	289,232	343,152	323,637	414,932
At 31 March	519,925	977,231	594,542	1,138,416

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

9 Investment in subsidiaries

	Parent Company	
	2024	2023
	RO	RO
Innovative Energy Holdings Mauritius Ltd, Mauritius	8,639,262	8,639,262
NGC Energy Saudi LLC, KSA	872,619	257,492
At 31 March	9,511,881	8,896,754

The ownership interest in subsidiaries are as under:

	Country of incorporation	Ownership interest	
		2024	2023
Innovative Energy Holdings Mauritius Ltd, Mauritius	Mauritius	100%	100%
NGC Energy Saudi LLC, KSA	KSA	100%	100%

The subsidiaries' principal place of business and country of incorporation are the same. The Group follows the same financial year-end.

During the year, following movements have occurred in subsidiaries:

	Parent Company	
	2024	2023
	RO	RO
At 1 January	9,511,881	9,031,439
Derecognised on disposal of subsidiary (Note 32)	-	-
Non-current assets held for sale	-	(134,685)
Addition	-	-
At 31 March	9,511,881	8,896,754

Summary of financial results of subsidiaries containing significant non-controlling interest (NCI)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	NGC Energy SDN BHD	
	2024	2023
	RO	RO
Non-current assets	22,395,133	24,513,034
Current assets	10,261,632	10,522,484
Non-current liabilities	(3,520,555)	(4,026,196)
Current liabilities	(10,895,173)	(11,300,721)
Net assets	18,241,037	19,708,601
Net assets attributable to NCI	7,296,415	7,883,441
Revenues	18,165,605	18,810,787
Profit for the year	31,887	225,740
Other comprehensive income for the year	-	-
Total comprehensive income for the year	31,887	225,740
Profit for the year allocated to NCI	12,755	90,296
Other comprehensive income allocated to NCI	-	-

Goodwill

Goodwill arose on the acquisition of Shell Malaysia Trading's LPG business by NGC Energy SDN BHD, being the fair value of consideration paid over net assets acquired.

Goodwill is allocated, at acquisition, to the Cash-Generating Unit (CGU) that is expected to benefit from the business transfer. A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. The recoverable amount of a CGU is determined based on the value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections are 13.92% per annum (2023: 13.67%). Cash flow beyond the terminal period is extrapolated using the growth rate of 2% (2023: 2%).

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

9 Investment in subsidiaries (continued) Goodwill (continued)

Below is the carrying amount of goodwill:

	2024 RO	2023 RO
At 1 January	7,062,751	7,341,193
Net change in foreign exchange	(195,821)	(7,050)
At 31 March	6,866,930	7,334,143

10 Assets / liabilities of disposal group / non-current assets held-for-sale

Investment in subsidiaries

During the year 2022, the Board of Directors of the Parent Company resolved to dispose its investment in Arabian Oil LLC (UAE) (AOL), NGC Central Gas Systems LLC (NGCCGS) and also stop further operations in NGC Energy LLC (UAE) (NGCEL) by selling its assets. As detailed in note 2.2 to the separate and consolidated financial statements, AOL is subsequently disposed-off during the year 2023. NGCCGS is under liquidation currently.

The assets and liabilities related to above mentioned disposals / disposal groups for the quarter ended 31 March 2024 and 31 March 2023 are as follows;

Parent Company

	2024 RO	2023 RO
NGC Energy LLC, UAE	31,527	31,527
Arabian Oil LLC, UAE	-	82,105
NGC Central Gas System, UAE	21,053	21,053
	52,580	134,685
Less: Loss on remeasurement to fair value less cost to sell	(52,580)	(134,685)
Net non-current assets classified as held-for-sale	-	-

Group

	2024 RO	2023 RO
Assets:		
Property, plant and equipment	280,516	391,283
Inventories	-	61,341
Trade and other receivables	325,338	612,309
Cash and bank balances	66,339	32,978
	672,193	1,097,911
Liabilities:		
Staff terminal benefits	4,224	4,224
Accounts payable and accruals	26,868	163,533
	31,092	167,757

11 Inventories

	Parent Company		Group	
	2024 RO	2023 RO	2024 RO	2023 RO
LPG	54,361	50,809	733,108	656,530
Finished goods	436,313	329,632	436,313	329,632
Cylinders and accessories	81,994	87,933	81,994	87,933
Plant and other spares	188,132	148,126	302,109	229,869
Project inventory	98,146	140,340	140,577	222,318
Work-in-progress	3,068	-	10,979	3,486
	862,014	756,840	1,705,080	1,529,768

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

12 Trade and other receivables

Current

	Parent Company		Group	
	2024 RO	2023 RO	2024 RO	2023 RO
Trade receivables	2,130,054	2,296,294	5,246,578	5,886,752
Less: provision for expected credit losses	(570,639)	(571,310)	(1,219,650)	(1,233,596)
	1,559,415	1,724,984	4,026,928	4,653,156
Advance for purchases	63,711	72,975	175,444	319,463
Contract assets	-	-	553,077	-
Claims for Government subsidy	-	-	6,190,189	7,297,578
Amounts due from related parties (note 24)	889,279	1,164,911	-	-
Advances to related parties (note 24)	221,474	870,042	-	-
Accrued income	384,346	56,074	436,257	122,035
Other receivables	354,351	199,212	487,584	410,232
Prepayments	4,699	4,515	120,415	84,531
Tax paid under appeal	3,487	3,487	3,487	3,487
Deposits	-	-	81,332	82,822
	3,480,762	4,096,200	12,074,713	12,973,304

Movement in the provision for expected credit losses are as follows:

	Parent Company		Group	
	2024 RO	2023 RO	2024 RO	2023 RO
At 1 January	570,639	571,310	1,235,031	1,234,127
Add: provided during the year	-	-	-	-
Provision write off	-	-	-	-
Exchange rate fluctuation	-	-	(15,381)	(531)
Transfer to asset held-for-sale	-	-	-	-
At 31 March	570,639	571,310	1,219,650	1,233,596

13 Cash and bank balances

	Parent Company		Group	
	2024 RO	2023 RO	2024 RO	2023 RO
Cash in hand	33,004	21,920	240,097	24,228
Cash at banks - current account	309,924	53,698	1,020,003	664,922
	342,928	75,618	1,260,100	689,150
Bank overdrafts	(879,637)	(402,758)	(879,637)	(417,076)
Cash and cash equivalents	(536,709)	(327,140)	380,463	272,074

Bank overdrafts are availed from a commercial bank for working capital requirements on revolving credit basis. Bank overdrafts are unsecured and repayable on demand and carry markup at 5.5% to 7.97% per annum (2023: 5.5% to 7.13% per annum).

There are no restrictions on bank balances at the time of approval of these separate and consolidated financial statements.

14 Share capital

The authorised share capital comprises 120,000,000 shares of RO 0.100 each (2023: 120,000,000 of RO 0.100 each). The issued and fully paid-up share capital is RO 8,500,000 comprising 85,000,000 shares of RO 0.100 each (2023: 85,000,000 of RO 0.100 each).

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

14 Share capital (continued)

The details of major shareholders, who hold 9% or more of the Parent Company's shares, at the reporting date, are as follows:

	Number of shares		% holding	
	2024	2023	2024	2023
A' Sharqiya Investments SAOG	10,937,856	10,937,856	12.87	12.87
Social Protection Fund	8,376,282	8,244,999	9.85	9.70

15 Share premium

The Parent Company during 2014 issued 15,561,414 rights shares of RO 0.375 each (including RO 0.275 each as premium) to the existing shareholders. The related details are set out below:

	RO
Total share premium collected	4,279,386
Less: issue expenses	(13,506)
Share premium balance	4,265,880
Transfer to legal reserve during 2014	(478,248)
Bonus share issued in 2018	(1,000,000)
Bonus share issued in 2019	(1,000,000)
At 31 March 2024	1,787,632

16 Legal reserve

As required by the Commercial Companies Law of 2019, as amended, the Parent Company transfers 10% of its profit for the year to legal reserve until such time the legal reserve amounts to at least one third of the Parent Company's share capital. The reserve is not available for distribution. During the year, the Parent Company has transferred Nil amount to legal reserve (2023: RO 2,475).

17 Other reserves

- (i) Other reserves include a general reserve of the Parent Company, which is created in accordance with the Commercial Companies Law of 2019, as amended. The annual appropriation is made at the rate not exceeding 20% of the profit for the year after deduction of taxes and the statutory reserve, and the reserve shall not exceed one half of the share capital of the Parent Company. This reserve is a distributable reserve.
- (ii) Other reserves also include statutory reserve of NGC Energy LLC, NGC Central Gas System LLC and NGC Energy SDN BHD amounted to RO 7,895, RO 2,775 and RO 195,302 respectively.

18 Revaluation reserve

This represents the surplus on the revaluation of freehold land, net of tax and is not available for distribution until the related asset have been disposed off.

19 Borrowings

	Parent Company		Group	
	2024 RO	2023 RO	2024 RO	2023 RO
Term loans				
Revolving credits (Note 19.1)	-		4,068,788	4,954,007
Short term loans (Note 19.2)	1,606,934	1,988,943	1,606,934	1,988,943
Total borrowings	1,606,934	1,988,943	5,675,722	6,942,950

The weighted average effective interest rates of the borrowings by the subsidiary are as follows:

	2024 %	2023 %
Revolving credits	5.01	4.35

19.1 This represents a revolving Islamic credit taken by a subsidiary. The facility is secured by charge over 100% shares of the Subsidiary, fixed and floating charges over all assets, assignment over the designated bank accounts and fixed charge over memorandum of lease for LPG filling plants of Subsidiary.

19.2 Short term loans are secured from commercial banks and carry interest ranging from 4.5% to 5.6% (2023: 4.5% to 5.6%) per annum. These are secured through minimum 20% sales turnover should be routed through current account.

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

19 Borrowings (continued)

Term loan and short term loan covenants

The loan agreements also provide certain covenants, the more significant of which are as follows:

- Maintain annual debt service coverage ratio (DSCR) of 1.25 and current ratio of 1:1 at all times during the tenure of facility starting 31 December 2021. The Parent Company has not complied with DSCR covenant as of 31 March 2024.

20 Lease liabilities

	Parent Company		Group	
	2024 RO	2023 RO	2024 RO	2023 RO
Current	52,486	27,292	224,391	216,522
Non-current	138,016	168,838	1,791,206	2,023,587
	190,502	196,130	2,015,597	2,240,109

	Parent Company		Group	
	2024 RO	2023 RO	2024 RO	2023 RO
Movement in lease liabilities				
At on 1 January	204,038	232,920	2,129,244	2,276,504
Additions	-	-	-	47,389
Disposals	-	(39,299)	-	(39,299)
Payments	(16,092)	-	(100,062)	(84,586)
Interest expense	2,556	2,509	40,323	42,105
Exchange rate fluctuations	-	-	(53,908)	(2,004)
Derecognition on disposal of subsidiary	-	-	-	-
At on 31 March	190,502	196,130	2,015,597	2,240,109

21 Staff terminal benefits

	Parent Company		Group	
	2024 RO	2023 RO	2024 RO	2023 RO
At 1 January	251,635	280,593	280,332	334,853
Charge for the year	10,082	16,176	10,678	20,966
Paid during the year	(33,587)	(18,975)	(39,499)	(29,880)
At 31 March	228,130	277,794	251,511	325,939

22 Accounts payable and accruals

	Parent Company		Group	
	2024 RO	2023 RO	2024 RO	2023 RO
Trade creditors	243,317	216,966	4,145,847	3,984,807
Accrued expenses	804,497	850,519	2,305,878	2,920,504
Other creditors	195,052	(94,553)	1,946,998	866,949
	1,242,866	972,932	8,398,723	7,772,260

23 Net assets per share

Net assets per share are calculated by dividing the equity attributable to the owners of the Parent Company at the reporting date by the number of shares outstanding as follows:

	Parent Company		Group	
	2024 RO	2023 RO	2024 RO	2023 RO
Net assets (RO)	17,066,772	17,099,156	18,111,973	19,407,484
Number of shares outstanding at 31 March	85,000,000	85,000,000	85,000,000	85,000,000
Net assets per share (RO)	0.201	0.201	0.213	0.228

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

24 Related party balances and transactions

The Group has related party relationships with entities over which certain shareholders and Directors are able to exercise significant influence. The Group also has related party relationships with its Directors and senior management. In the ordinary course of business, such related parties provide goods and render services to the Group.

Prices and terms for transactions with related parties, which are entered into in the normal course of business, are on the agreed terms and conditions. Details of related parties balances and transactions (including transactions and balances with related parties as a result of common directorship) for the quarter ended 31 March 2024 and 31 March 2023 are as follows:

	Parent Company		Group	
	2024 RO	2023 RO	2024 RO	2023 RO
Due from subsidiaries	911,603	1,187,235	-	-
Advance to subsidiaries	308,919	957,487	-	-
	1,220,522	2,144,722	-	-
Less: provision for expected credit losses	(109,769)	(109,769)	-	-
Amount due from related parties (net) - Note 12	1,110,753	2,034,953	-	-
Loan to related parties	595,337	466,571	-	-
Amounts due to related parties (Note 22)	-	-	-	-

Transactions with related parties during the year were as follows:

	Parent Company		Group	
	2024 RO	2023 RO	2024 RO	2023 RO
Sales to subsidiaries (revenue)	5,982	6,641	-	-
Rental and other income	-	(25,583)	-	-
Expenses charged/(received)	9,071	4,047	-	-
Other expenses	6,000	25,671	-	-
Directors' remuneration and sitting fees	11,000	12,600	47,276	50,394

Provision for related party balances

Movement in the provision for expected credit losses for related parties are as follows:

	Parent Company	
	2024 RO	2023 RO
At 1 January	109,769	109,769
Less: written off	-	-
At 31 March	109,769	109,769

Compensation of key management personnel

Key management personnel are those persons having direct authority and responsibility for planning, directing and controlling the activities of the Group.

	Parent Company		Group	
	2024 RO	2023 RO	2024 RO	2023 RO
Senior management remuneration	50,178	51,591	184,311	247,854

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

25 Revenue

	Parent Company		Group	
	2024	2023	2024	2023
	RO	RO	RO	RO
Revenue from contracts with customers				
Sale of LPG	1,821,111	1,986,006	19,850,268	20,755,379
Project income	85,917	287,840	312,196	722,604
Sale of NC+ and other industrial gas	79,968	49,964	84,335	53,753
Lubricant sales	167,102	187,553	167,102	187,553
Other income	6,944	7,604	962	5,775
Sale of new empty LPG cylinders and accessories	59,521	66,533	59,521	66,533
	2,220,563	2,585,500	20,474,384	21,791,597
Revenue from other sources				
Vehicle hire charges and rental income	11,174	14,828	143,255	47,643
	11,174	14,828	143,255	47,643
	2,231,737	2,600,328	20,617,639	21,839,240

26 Cost of revenue

	Notes	Parent Company		Group	
		2024	2023	2024	2023
		RO	RO	RO	RO
Opening stock		143,089	143,089	685,618	685,618
Local purchases		1,202,647	1,349,236	11,872,645	7,443,093
Imports		-	-	5,061,226	10,259,414
Closing stock		(54,361)	(50,809)	(733,108)	(656,530)
		1,291,375	1,441,516	16,886,381	17,731,595
Other direct expenses					
Lubricant costs		136,898	149,999	136,898	149,999
Cost of cylinders sold	26.1	56,091	60,876	56,091	60,876
NC+ and other industrial gas costs		42,217	23,081	42,217	18,269
Project costs		34,432	206,279	149,631	502,675
Direct labour costs	28.1	195,038	223,657	390,500	440,492
Depreciation - direct		47,528	49,541	520,206	511,784
Depreciation on right-of-use assets - direct		7,293	7,293	60,936	62,760
Plant repair and maintenance expenses		9,230	7,990	485,295	406,061
Fuel and vehicle maintenance expenses		96,073	97,212	101,838	106,786
Transportation expenses		3,750	7,500	374,406	385,788
Other plant related expenses		26,933	36,680	335,377	207,105
Insurance expenses		30,112	31,933	63,301	62,547
Utilities expenses		10,685	9,755	15,838	19,938
Short term lease rent expenses		-	-	34,509	33,853
		1,987,655	2,353,312	19,653,424	20,700,528

26.1 Cost of cylinders sold

	Parent Company		Group	
	2024	2023	2024	2023
	RO	RO	RO	RO
Opening stock	43,606	27,950	43,606	27,950
Purchases of new cylinders	62,295	87,218	62,295	87,726
Closing stock	(49,810)	(54,292)	(49,810)	(54,800)
	56,091	60,876	56,091	60,876

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

27 Administrative and selling expenses

	Note	Parent Company		Group	
		2024 RO	2023 RO	2024 RO	2023 RO
Employee related costs	28.1	209,558	218,358	534,001	561,965
Depreciation expenses - indirect		7,604	4,528	32,827	26,067
Depreciation on right-of-use assets - indirect		5,702	9,089	19,190	23,366
Office expenses		48,802	41,337	76,042	89,579
Professional charges		7,656	6,415	59,998	46,419
General expenses		918	1,002	6,298	8,520
Communication expenses		7,824	10,919	16,306	33,721
Printing and stationery expenses		578	463	3,095	2,916
Advertisement expenses		640	12	640	12
Donations		8,000	-	8,000	174
Rent expense		-	-	18,157	18,925
Repairs and maintenance expenses		3,159	3,035	3,872	2,671
Directors' remuneration and sitting fees		11,000	12,600	47,276	50,394
Business travel expenses		4,222	2,249	35,729	32,010
Withholding tax		-	818	-	818
Marketing and publicity expenses		1,891	1,345	9,271	16,352
		317,554	312,170	870,702	913,909

28 Employees costs

	Parent Company		Group	
	2024 RO	2023 RO	2024 RO	2023 RO
Wages and salaries	320,051	332,485	668,106	712,247
Other employee benefit costs	57,854	73,384	224,184	244,499
Social security costs	16,609	19,970	21,533	24,745
Provision for staff terminal benefits (Note 21)	10,082	16,176	10,678	20,966
	404,596	442,015	924,501	1,002,457

28.1 Allocation of employees costs

	Parent Company		Group	
	2024 RO	2023 RO	2024 RO	2023 RO
Cost of revenue (Note 26)	195,038	223,657	390,500	440,492
Administrative & Selling expenses (Note 27)	209,558	218,358	534,001	561,965
	404,596	442,015	924,501	1,002,457

29 Other income - net

	Parent Company		Group	
	2024 RO	2023 RO	2024 RO	2023 RO
Interest income	10,014	15,864	6,668	10,239
Dividend income	38,238	56,074	38,238	56,074
Miscellaneous income	1,349	8,677	(14,197)	106,435
(Loss) / gain on disposal of property, plant and equipment	12,277	47,144	12,277	57,881
	61,878	127,759	42,986	230,629

From the year 2017, the Parent Company has started charging interest from its subsidiaries (in GCC), on the amount outstanding @ 6% per annum.

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

30 Income taxes

The Tax Authority in Oman follow the legal entity concept. There is no concept of group taxation in Oman. Accordingly each legal entity is taxable separately.

The tax rate applicable to all taxable entities of the Group ranges between from 15% to 24% (2023: 15% to 24%) on the taxable income. For the purpose of determining the tax expense for the year, the accounting profit of each individual legal entity has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense.

	Parent Company		Group	
	2024	2023	2024	2023
	RO	RO	RO	RO

Separate and consolidated statement of profit or loss:

The tax charge for the year comprises:

Current year tax	-	-	89,221	135,023
Prior year tax	-	-	22,437	-
	-	-	111,658	135,023
Deferred tax	-	-	(67,630)	(45,207)
	-	-	44,028	89,816

	Parent Company		Group	
	2024	2023	2024	2023
	RO	RO	RO	RO

Deferred tax liability / (asset):

At 1 January	418,612	416,244	2,407,808	2,635,007
Movement through other comprehensive income	-	-	-	-
Movement through profit or loss	-	-	(67,630)	(45,185)
Exchange difference on translation	-	-	(54,201)	(2,131)
At 31 March	418,612	416,244	2,285,977	2,587,691

The deferred tax comprises the following temporary differences:

	Parent Company		Group	
	2024	2023	2024	2023
	RO	RO	RO	RO

Separate and consolidated statement of other comprehensive income:

Revaluation of land	(664,488)	(664,488)	(1,036,501)	(1,060,235)
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Separate and consolidated statement of profit or loss:

Provision for expected credit losses	179,405	102,162	198,124	198,500
Provision for Impairment on due from NGC Energy LLC	159,427	224,598	-	-
Provision for impairment of investments in subsidiaries	4,729	17,045	-	-
Others	-	-	-	-
Net book value of fixed assets	(97,685)	(95,561)	(1,447,600)	(1,725,956)
Deferred tax liability	245,876	248,244	(1,249,476)	(1,527,456)
Deferred tax liability - net	(418,612)	(416,244)	(2,285,977)	(2,587,691)

	Parent Company		Group	
	2024	2023	2024	2023
	RO	RO	RO	RO

Current liability:

Current year (net of refundable)	-	-	111,658	135,023
Prior years	-	35,804	(102,219)	(89,253)
	-	35,804	9,439	45,770

A reconciliation of tax charge is set out below:

	Parent Company		Group	
	2024	2023	2024	2023
	RO	RO	RO	RO

(Loss) / profit before tax (including from discontinued operations)

Income tax expense at the rates mentioned above	-	-	111,658	135,023
Relating to (reversal) / origination of deferred tax liability	-	-	(67,630)	(45,207)
	-	-	44,028	89,816

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

30 Income taxes (continued)

The tax returns of the Parent Company for the years 2020 to 2022 have not yet been agreed with the Tax Authority at the Ministry of Finance.

Management is of the opinion that additional taxes, if any, related to the open tax years would not be significant to the Parent Company's financial position as at 31 March 2024.

The tax assessment of subsidiaries incorporated in jurisdictions outside Oman are at different stages. Management is of the opinion that any additional taxes that may be assessed would not be significant to the Group financial position as at 31 March 2024.

31 Discontinued operations

As detailed in note 2.2 and note 10 to the separate and consolidated financial statements, during the year 2022, the Parent Company / Group has classified investments in NGC Energy LLC, NGC Central Gas Systems LLC and Arabian Oil LLC (subsidiaries) as held-for-sale and during the year 2023. Arabian Oil LLC subsequently disposed-off during the year 2023.

Summarised statement of profit or loss for the years ended 31 March 2024 and 31 March 2023 related to the above mentioned assets disposed-off and disposal groups are as follows:

	Parent Company		Group	
	2024 RO	2023 RO	2024 RO	2023 RO
Revenue	-	-	-	5,119
Cost of revenue	-	-	(2,807)	(17,191)
Gross profit	-	-	(2,807)	(12,072)
Administrative expenses	-	-	(9,728)	(4,189)
Operating loss before depreciation	-	-	(12,535)	(16,261)
Depreciation expenses	-	-	-	-
Operating loss after depreciation	-	-	(12,535)	(16,261)
Other income - net	-	-	-	22,974
Finance costs	-	-	(202)	131
Provision for expected credit losses	-	-	-	-
Loss before tax	-	-	(12,737)	6,844
Income tax	-	-	-	-
Loss after tax	-	-	(12,737)	6,844
Loss on remeasurement and disposal				
Loss on remeasurement to fair value less cost to sell	-	(134,685)	-	-
Gain before tax on disposal	-	-	-	-
Total gain / (loss) on remeasurement and disposal	-	(134,685)	-	-
Profit / (loss) for the year from discontinued operations	-	(134,685)	(12,737)	6,844

32 Earnings / (loss) per share

The basic earnings per share is calculated by dividing the profit of the Group and Parent Company for the year attributable to the Owners of the Parent Company, by the weighted average number of shares outstanding.

	Parent Company		Group	
	2024 RO	2023 RO	2024 RO	2023 RO
Profit / (loss) attributable to equity holders of the Parent Company				
- From continued operations	(48,593)	24,748	(91,289)	127,050
- From discontinued operation	-	-	(12,737)	6,844
Profit / (loss) attributable to ordinary equity holders of the Parent Company	(48,593)	24,748	(104,026)	133,894
Weighted average number of shares	85,000,000	85,000,000	85,000,000	85,000,000
From continuing operations	(0.001)	0.000	(0.001)	0.001
From discontinued operations	-	-	(0.000)	0.000
Basic earnings / (loss) per share (RO)	(0.001)	0.000	(0.001)	0.002

As there are no dilutive potential shares, the diluted earnings per share is identical to the basic earnings per share.

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

33 Segment reporting

The Group's only significant business segment is the marketing and selling of LPG.

Geographic information

Revenues from external customers

	Group	
	2024	2023
	RO	RO
Oman	2,231,737	2,595,516
Other GCC countries	226,279	434,764
Asia	18,159,623	18,808,960
	20,617,639	21,839,240

This includes revenue earned by the entity classified as held for sale (note 32) as at the reporting date.

34 Commitments

		Parent Company		Group	
	Notes	2024	2023	2024	2023
		RO	RO	RO	RO
Capital commitments	34.1	56,224	4,725	1,064,791	1,514,726
Performance quarantees	34.2	846,939	2,073,273	846,939	2,073,273

34.1 This relates to the various expenditure to be incurred on the development of property, plant and equipment.

34.2 Bank guarantees are provided by the scheduled banks on behalf of the Parent Company for the various related party transactions initiated by the Parent Company and its related parties.

35 Contingencies

35.1 On 1 November 2023, the NGC Energy Sdn. Bhd. had filed a suit in the High Court of Muar against a competitor distributor ("the Defendant") for unlawful detention of cylinders and unlawful interference with the Company's trade.

On 26 November 2023, the Court ordered by consent the ex-parte interim injunction ("Injunction Order") restraining the Defendant from moving, transporting and/or dealing with the said cylinders pending disposal of the Company's interim injunction

The Defendant is counterclaiming for costs of the claim, interest on amounts found due to the Defendant and damages for the Injunction Order, loss of income or profit, costs of storing the said cylinders as well as damages to the Defendant's reputation, image and goodwill.

Based on the opinion of the solicitor, the Directors are of the view that the Company has a reasonable chance of success in its claims and in defending against the Defendant's counterclaim.

35.2 At 31 March 2024 the Group had contingent liabilities in respect of guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise amounting to RO 973,092 (2023: RO 2,073,273).

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

36 Financial instruments risk

Overview

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the group 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.

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) Credit risk

Credit risk arises from bank balances, contractual cash flows of debt investments carried at amortised cost, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

(i) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a range of rating of between Aa3 to Baa3 are accepted based on Moody's independent rating.

If individual customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control 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 compliance with credit limits by individual customers is regularly monitored by line management.

Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and / or regions.

(ii) Impairment of financial asset

The Group has following types of financial assets that are subject to the expected credit loss model:

- Trade receivables
- Amounts due from related parties
- Advances to related parties
- Loan to related parties

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a life-time expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

National Gas Company SAOG and its Subsidiaries

**Notes to the separate and consolidated financial statements
for the year ended 31 March 2024**

36 Financial instruments risk (continued)

(a) Credit risk (continued)

(ii) Impairment of financial asset (continued)

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP, inflation rate and oil barrel rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December, was determined as follows for trade receivable:

Parent

31 March 2024	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected credit loss %	1.60%	12.51%	5.62%	70.24%	26.79%
Gross carrying amount of trade receivables (RO)	1,115,665	55,591	197,505	761,293	2,130,054
Loss allowance	17,881	6,952	11,099	534,707	570,639

Group

Continued operations

31 March 2024	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected credit loss %	0.66%	4.71%	5.76%	58.83%	16.24%
Gross carrying amount of trade receivables (RO)	2,793,926	183,734	268,030	2,000,888	5,246,578
Loss allowance (RO)	18,486	8,663	15,445	1,177,056	1,219,650

Discontinued operations

31 March 2024	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected credit loss %	0%	0%	0%	67.24%	67.24%
Gross carrying amount of trade receivables (RO)	-	-	-	952,646	952,646
Loss allowance (RO)	-	-	-	640,550	640,550

Parent

31 March 2023	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected credit loss	1.93%	7.47%	17.65%	71.09%	24.88%
Gross carrying amount of trade receivables (RO)	1,361,809	110,698	91,545	732,242	2,296,294
Loss allowance	26,324	8,264	16,154	520,568	571,310

Group

31 March 2023	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected credit loss	0.87%	3.37%	4.43%	61.62%	20.96%
Gross carrying amount of trade receivables (RO)	3,252,911	251,207	474,202	1,908,431	5,886,752
Loss allowance	28,147	8,464	21,001	1,175,984	1,233,596

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Notes to the separate and consolidated financial statements for the year ended 31 March 2024

36 Financial instruments risk (continued)

(a) Credit risk (continued)

(ii) Impairment of financial asset (continued)

Discontinued operations

31 March 2023	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected credit loss %	0%	0%	0%	52.52%	52.22%
Gross carrying amount of trade receivables (RO)	6,922	-	-	1,223,221	1,230,143
Loss allowance (RO)	-	-	-	642,385	642,385

Trade receivables 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, and a failure to make contractual payments for a period of greater than 120 days past due.

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

Balances with banks

The Group limits its exposure to credit risk by placing balances with international and local banks. Given the profile of its bankers, management does not expect any counter party to fail to meet its obligations. The bank balances are held with the banks and financial institutions of repute.

Impairment of cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Due from related parties

The Company applies IFRS 9 General Model approach to measure expected credit losses which uses 3 stage model to recognise expected credit loss depending upon the credit risk of the counter party.

To measure the expected credit loss, the Company assess the probability of default by the counter as a result of default event that are possible within 12 months after reporting date. The Company also assess the financial position of the counter party if it has sufficient liquid asset to pay off the balance if repayment is made on demand. In addition, the Company also determines the loss given default of the amounts due from related parties.

(b) 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 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.

Parent

	Carrying amount RO	Contractual cash flows	
		Less than one year RO	1 – 5 years RO
31 March 2024			
Trade creditors	243,317	243,317	-
Short term loans	1,606,934	1,606,934	-
Lease Liabilities	190,502	52,486	138,016
Bank overdraft	879,637	879,637	-
	3,115,442	2,977,426	138,016

National Gas Company SAOG and its Subsidiaries

**Notes to the separate and consolidated financial statements
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36 Financial instruments risk (continued)

(b) Liquidity risk (continued)

Parent

	Carrying amount	Contractual cash flows	
	RO	Less than one year	1 – 5 years
	RO	RO	RO
31 March 2023			
Trade creditors	216,966	216,966	-
Short term loans	1,988,943	1,988,943	-
Lease Liabilities	196,130	52,757	143,373
Bank overdraft	402,758	402,758	-
Amounts due to related parties	-	-	-
	2,710,244	2,566,871	143,373

Group

	Carrying amount	Contractual cash flows	
	RO	Less than one year	1 – 5 years
	RO	RO	RO
31 March 2024			
Trade creditors	4,145,847	4,145,847	-
Other creditors	1,946,998	1,946,998	-
Short term loans	1,606,934	1,606,934	-
Lease Liabilities	2,015,597	224,391	1,791,206
Bank overdraft	879,637	879,637	-
Amounts due to related parties	-	-	-
	10,595,013	8,803,807	1,791,206

Group

	Carrying amount	Contractual cash flows	
	RO	Less than one year	1 – 5 years
	RO	RO	RO
31 March 2023			
Trade creditors	3,984,807	3,984,807	-
Other payables	866,949	866,949	-
Short term loans	1,988,943	1,988,943	-
Lease Liabilities	2,240,109	367,055	1,873,054
Bank overdraft	402,758	402,758	-
	9,483,566	7,610,512	1,873,054

(c) Market risk

Market risk is the risk that 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.

Currency risk

The Group is exposed to foreign currency transactions mainly due to its subsidiary in Malaysia. Should there be any fluctuation of +/- 1% in the foreign exchange rate the impact would be +/- RO 37,907 (2023: RO 30,664) on the foreign currency translation reserve of the Group.

Sovereign risk

The LPG is made available to the Parent Company from four sources at different rates by the Ministry of Energy and Minerals. Presently, the Group is allocated more from the costlier source. Any further increase in allocation from the costlier source will adversely affect the profitability of the Group.

National Gas Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements for the year ended 31 March 2024

36 Financial instruments risk (continued)

(c) Market risk (continued)

Equity price risk

Equity price risk arises from FVTOCI securities. The Group has maintained the portfolio of FVTOCI securities listed at Muscat Securities Market. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors.

Sensitivity analysis - equity price risk

The following table demonstrates the sensitivity of the Group's equity to a 5% change in the price of its equity holdings, assuming all other variables in particular foreign currency rates remain constant.

Sensitivity analysis - equity price risk (continued)

	Effect on 5% increase RO	Effect on 5% decrease RO
31 March 2024	48,862	(48,862)
31 March 2023	56,921	(56,921)

(d) Interest rate risk

The Group is exposed to rate risk on its bank overdraft facility obtained at commercial rates of interest. Further, the Group has short-term bank deposit, which are interest bearing and exposed to changes in market interest rates. The group has term loans with fixed interest rates.

The Group manages its exposure to interest rate risk by ensuring that significant borrowings are on a fixed rate basis. The Group borrows at interest rates on commercial terms and manages the interest rate risk by constantly monitoring the changes in interest rates and availing lower interest bearing facilities.

37 Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support future development of the business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. Group's capital mix comprises only the shareholder's equity. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the quarter ended 31 March 2024.

38 Fair value measurement

The fair value of financial assets and liabilities at the reporting date approximates their carrying amount in the separate and consolidated statement of financial position.

Fair value hierarchy

The following table shows the level within the hierarchy of non-financial assets measured at fair value on a recurring basis.

Parent and Group

	Level 1 RO	Level 2 RO	Level 3 RO
2024			
Financial assets at fair value through OCI	977,231	-	-
Freehold land	-	4,584,450	-
Goodwill	-	-	6,866,930
2023			
Financial assets at fair value through OCI	1,138,416	-	-
Freehold land	-	4,584,450	-
Goodwill	-	-	7,334,143

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Notes to the separate and consolidated financial statements for the year ended 31 March 2024

38 Fair value measurement (continued)

Assets	Valuation technique	Significant observable inputs	Sensitivity of inputs to the fair value
Land	Open market basis considers the selling price of land within a reasonably recent period of time in determining the fair value of land being revalued. This involves evaluation of event active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the land.	Price per square feet	Estimated fair value increase / (decrease) if : price per square feet increase / (decrease)

All the listed equity securities are denominated in RO and are publicly traded in Oman. Fair values have been determined by reference to their quoted bid prices at the reporting date.

During the reporting period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

39 Comparative figures

Certain comparative information has been reclassified to conform to the presentation adopted in these separate and consolidated financial statements. Such reclassifications are immaterial and do not affect previously reported net profit or shareholders' equity.