

**QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)**

**CONSOLIDATED FINANCIAL STATEMENT**

**FOR THE YEAR ENDED**

**31 DECEMBER 2020**

# **Qatar Fuel Company Q.P.S.C. (“WOQOD”)**

## **Consolidated Financial Statements As at and for the year ended 31 December 2020**

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<b>CONTENTS</b>	<b>Page(s)</b>
Independent auditor’s report	1-4
<b>Consolidated financial statements:</b>	
Consolidated statement of financial position	5
Consolidated statement of profit or loss	6
Consolidated statement of profit or loss and other comprehensive income	7
Consolidated statement of changes in equity	8
Consolidated statement of cash flows	9
Notes to the consolidated financial statements	10 - 34



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## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders  
Of Qatar Fuel Company Q.P.S.C. ("WOQOD")

### **Report on the Audit of the Consolidated Financial Statements**

#### *Opinion*

We have audited the consolidated financial statements of Qatar Fuel Company Q.P.S.C. ("WOQOD") (the 'Company') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the Company's consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



**INDEPENDENT AUDITOR’S REPORT (Continued)**

*Key Audit Matter*

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

<p><u>Description of key audit matters</u></p> <p>Valuation of Property, Plant and Equipment (PPE) (Note 6 to the consolidated financial statements)</p> <p>The Group Property, Plant and Equipment balance includes land that is held at re valuation model amounting to QR 532,520,000 (2019: QR 548,400,000).</p>	<p><u>How the matter was addressed in our audit</u></p> <p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>• Assessing objectivity, independence and competency of the valuation expert appointed by the Group;</li> <li>• Involving our own real estate valuation expert to evaluate the appropriateness of assumptions used by the valuation expert; and</li> </ul>
<p><u>Description of key audit matters (continued)</u></p> <p>Estimating the fair value which is required for revaluation model is a complex process involving a number of judgements and making use of experts. The valuation expert has exercised judgements particularly in determining the relevant valuation models and inputs to the models. Consequently, we have determined the determination of the valuation models and inputs to be a key audit matter.</p>	<p><u>How the matter was addressed in our audit (continued)</u></p> <p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>• Evaluating the adequacy of the disclosures in the consolidated financial statements in line with the relevant accounting standards.</li> </ul>

*Other Information*

The Board of Directors is responsible for the other information. The other information comprises the information included in the Company’s Annual Report (the ‘Annual Report’) but does not include the consolidated financial statements and our auditor’s report thereon. Prior to the date of this auditor’s report, we obtained the report of the Board of Directors which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after that date.

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

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



## INDEPENDENT AUDITOR'S REPORT (Continued)

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

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

### *Responsibilities of the Board of Directors for the Consolidated Financial Statements*

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



## INDEPENDENT AUDITOR'S REPORT (Continued)

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

### **Report on Other Legal and Regulatory Requirements**

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith. Furthermore, the physical count of the Company's inventories was carried out in accordance with established principles. We have read the report of the Board of Directors to be included in the Annual Report, and the financial information contained therein is in agreement with the books and records of the Company. We are not aware of any violations of the Qatar Commercial Companies Law No. 11 of 2015 or the terms of the Company's Articles of Association and any amendments thereto having occurred during the year which might have had a material effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2020.

20 January 2021  
Doha  
State of Qatar



Yacoub Hobeika  
KPMG  
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# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

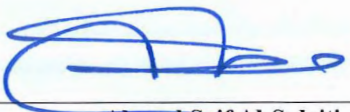
## Consolidated Statement of Financial Position


As at 31 December 2020

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	Note	2020	2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	3,174,812	3,081,373
Right-of-use Assets	7	153,629	124,158
Investment properties	8	906,316	886,272
Investments	9	2,712,250	3,021,682
Goodwill and intangibles	10	135,171	132,935
<b>Total non-current assets</b>		<b>7,082,178</b>	<b>7,246,420</b>
<b>Current assets</b>			
Inventories	11	315,322	426,565
Due from related parties	12 (b)	176,126	325,657
Trade receivables	13	1,883,540	1,481,489
Prepayments and other receivables	14	127,197	159,356
Cash and bank balances	15	2,250,729	3,013,734
<b>Total current assets</b>		<b>4,752,914</b>	<b>5,406,801</b>
<b>TOTAL ASSETS</b>		<b>11,835,092</b>	<b>12,653,221</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	16	994,256	994,256
Legal reserve	17	498,914	498,914
Fair value reserve	18	158,339	73,155
Revaluation surplus		511,713	526,013
Retained earnings		6,267,782	6,402,369
<b>Equity attributable to equity holders of the parent</b>		<b>8,431,004</b>	<b>8,494,707</b>
Non – controlling interests		155,865	207,405
<b>TOTAL EQUITY</b>		<b>8,586,869</b>	<b>8,702,112</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Due to related parties	12 (c)	-	80,743
Finance lease liability	19	118,615	105,390
Employees’ end of service benefits	20	90,108	89,246
Decommissioning provision	21	23,425	22,310
<b>Total non-current liabilities</b>		<b>232,148</b>	<b>297,689</b>
<b>Current liabilities</b>			
Due to related parties	12 (c)	2,264,731	2,803,816
Finance lease liability	19	36,854	20,278
Trade and other payables	22	714,490	829,326
<b>Total current liabilities</b>		<b>3,016,075</b>	<b>3,653,420</b>
<b>TOTAL LIABILITIES</b>		<b>3,248,223</b>	<b>3,951,109</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,835,092</b>	<b>12,653,221</b>

These Consolidated Financial Statements were approved by the Board of Directors and signed on its behalf by the following on 20 January 2021:

  
**Ahmad Saif Al-Sulaiti**  
 Chairman

  
**Saad Rashid Al-Muhannadi**  
 Managing Director & Chief Executive Officer

The notes on pages 10 to 34 form an integral part of these Consolidated Financial Statements.

## QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

### Consolidated statement of profit or loss

For the year ended 31 December 2020

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	Note	2020	2019
Revenues	23	13,245,433	22,446,258
Cost of sales	24	<u>(12,548,859)</u>	<u>(21,280,860)</u>
<b>Gross profit</b>		<b>696,574</b>	<b>1,165,398</b>
Other income	25	227,675	257,557
General and administrative expenses	26 (a)	(286,650)	(323,104)
Finance income	27	139,116	169,132
Provisions / impairments	26 (b)	<u>(49,204)</u>	<u>(10,629)</u>
<b>Net profit for the year</b>		<b><u>727,511</u></b>	<b><u>1,258,354</u></b>
<b>Attributable to:</b>			
Owners of the Company		707,425	1,216,382
Non-controlling interest		<u>20,086</u>	<u>41,972</u>
<b>Net profit for the year</b>		<b><u>727,511</u></b>	<b><u>1,258,354</u></b>
<b>Basic earnings per share</b> (expressed in QR per share)	28	<b><u>0.71</u></b>	<b><u>1.22</u></b>

The notes on pages 10 to 34 form an integral part of these Consolidated Financial Statements.



## QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

### Consolidated statement of profit or loss and other comprehensive income For the year ended 31 December 2020

*(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)*

	2020	2019
<b>Net profit for the year</b>	<u>727,511</u>	<u>1,258,354</u>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net change in fair value of investments	64,636	74,068
Revaluation deficit for the year	<u>(14,300)</u>	<u>(5,780)</u>
<b>Other comprehensive income for the year</b>	<u>50,336</u>	<u>68,288</u>
<b>Total comprehensive income for the year</b>	<u>777,847</u>	<u>1,326,642</u>
<b>Attributable to:</b>		
Owners of the Company	749,387	1,282,769
Non-controlling interest	<u>28,460</u>	<u>43,873</u>
	<u>777,847</u>	<u>1,326,642</u>

**QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)**

**Consolidated Statement of Changes in Equity  
For the year ended 31 December 2020**

*(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)*

	Attributable to the Owners of the company					Total	Non-Controlling Interest	Total Equity
	Share Capital	Legal Reserve	Fair value Reserve	Revaluation Surplus	Retained Earnings			
Balance at 1 January 2019	994,256	497,791	(7,485)	531,793	6,014,885	8,031,240	247,383	8,278,623
<i>Total comprehensive income for the year:</i>								
Net profit for the year	-	-	-	-	1,216,382	1,216,382	41,972	1,258,354
Other comprehensive income for the year	-	-	80,640	(5,780)	(8,473)	66,387	1,901	68,288
Total comprehensive income for the year	-	-	80,640	(5,780)	1,207,909	1,282,769	43,873	1,326,642
Sale of Fractional Shares	-	1,123	-	-	5,389	6,512	-	6,512
Cash dividends paid for 2018 (Note 29)	-	-	-	-	(795,405)	(795,405)	-	(795,405)
Contribution to social and sports fund	-	-	-	-	(30,409)	(30,409)	-	(30,409)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(83,851)	(83,851)
Balance at 31 December 2019	994,256	498,914	73,155	526,013	6,402,369	8,494,707	207,405	8,702,112
Balance at 1 January 2020	994,256	498,914	73,155	526,013	6,402,369	8,494,707	207,405	8,702,112
<i>Total comprehensive income for the year:</i>								
Net profit for the year	-	-	-	-	707,425	707,425	20,086	727,511
Other comprehensive income for the year	-	-	85,184	(14,300)	(28,922)	41,962	8,374	50,336
Total comprehensive income for the year	-	-	85,184	(14,300)	678,503	749,387	28,460	777,847
Cash dividends paid for 2019 (Note 29)	-	-	-	-	(795,405)	(795,405)	-	(795,405)
Contribution to social and sports fund	-	-	-	-	(17,685)	(17,685)	-	(17,685)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(80,000)	(80,000)
<b>Balance at 31 December 2020</b>	<b>994,256</b>	<b>498,914</b>	<b>158,339</b>	<b>511,713</b>	<b>6,267,782</b>	<b>8,431,004</b>	<b>155,865</b>	<b>8,586,869</b>

The notes on pages 10 to 34 form an integral part of these Consolidated Financial Statements.

**QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)**

**Consolidated Statement of Cash Flows**

**For the year ended 31 December 2020**

*(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)*

	Note	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit for the year		727,511	1,258,354
<i>Adjustments for:</i>			
Depreciation on property, plant and equipment	6	155,134	209,105
Depreciation on right-of-use assets	7	36,718	20,525
Depreciation on investment properties	8	15,797	34,957
Amortisation of intangibles	10	297	-
Unwinding of finance cost of decommissioning provision		1,115	-
Provision for bad and doubtful debts	13 (b)	61,005	7,166
Impairment of property, plant equipment	6	1,580	3,463
Impairment of investment properties	8	7,428	-
(Reversal) / impairment for slow moving inventories	11	(4,796)	5,198
Provision for employees’ end of service benefits	20	32,167	43,460
(Gain) / loss on sale of property, plant and equipment		(2,707)	1,685
Dividend income	25	(80,795)	(85,478)
Finance income		(139,116)	(169,132)
		<b>811,338</b>	<b>1,329,303</b>
<i>Changes in:</i>			
- inventories		117,306	(9,313)
- due from related parties		149,531	111,695
- trade receivable and prepayments		(430,897)	1,056,445
- trade and other payables		(102,113)	84,707
- due to related parties		(619,828)	(1,745,084)
<b>Cash (used in) / generated from operating activities</b>		<b>(74,663)</b>	<b>827,753</b>
Employees’ end of service benefits paid	20	(31,306)	(45,759)
Payment of contribution to sports fund		(30,409)	(29,003)
<b>Net cash (used in) / generated from operating activities</b>		<b>(136,378)</b>	<b>752,991</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		511	7,306
Additions to property, plant and equipment		(265,342)	(657,689)
Additions to investment properties	8	(43,269)	(12,134)
Additions to intangible assets		(2,533)	-
Dividends received	25	80,795	85,478
Finance income received		139,116	169,132
Proceeds from sale of fraction shares		-	6,513
Purchase of investments		(1,685,966)	(1,092,990)
Proceeds from sale of investments		1,685,498	1,108,109
Net movement in the fixed deposit accounts		35,544	(20,539)
<b>Net cash used in investing activities</b>		<b>(55,646)</b>	<b>(406,814)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	29	(795,405)	(795,405)
Dividends paid to non-controlling interest		(80,000)	(83,851)
Lease payments		(34,530)	(18,146)
<b>Net cash used in financing activities</b>		<b>(909,935)</b>	<b>(897,402)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,101,959)</b>	<b>(551,225)</b>
Cash and cash equivalents at 1 January		2,613,169	3,164,394
<b>Cash and cash equivalents at 31 December</b>	15	<b>1,511,210</b>	<b>2,613,169</b>

The notes on pages 10 to 34 form an integral part of these Consolidated Financial Statements.

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements For the year ended 31 December 2020

### 1. REPORTING ENTITY

Qatar Fuel Company Q.P.S.C. (WOQOD) (the “Company” or the “Parent”) is a Qatari Public Shareholding Company formed in accordance with the Emiri Decree No. 5 of 2002 on 10 February 2002 with commercial registration No. 24872.

The principal activities of the Parent along with its subsidiaries (“the Group”) are the sale, marketing and distribution of oil, gas and refined petroleum products, vehicle inspection services, marine bunkering, bitumen, transportation of oil and gas, vessel chartering and real estate services. The Group mainly operates in the State of Qatar.

These Consolidated Financial Statements include the financial information of the controlled subsidiaries listed below:

Name of subsidiary	Country	Effective Group Shareholding %	
		2020	2019
WOQOD Vehicle Inspection Co. (“FAHES”) W.L.L.	Qatar	100%	100%
Qatar Jet Fuel Company W.L.L.	Qatar	60%	60%
WOQOD Marine Services Co. W.L.L.	Qatar	100%	100%
WOQOD International Co. W.L.L.	Qatar	100%	100%
WOQOD Kingdom Co. W.L.L.	KSA	100%	100%
Ard Al Khaleej Real Estate W.L.L.	Qatar	100%	100%
Polaris Marine Services L.L.C.	Oman	100%	100%
Star Marine Services Limited	Republic of Liberia	100%	100%
Sidra Al Wajbah Shipping Company	Republic of Liberia	100%	100%
Ocean Marine Services Limited	Republic of Liberia	100%	100%
Galaxy Marine Services Limited	Republic of Liberia	100%	100%
Orbit Marine Services Limited	Republic of Liberia	100%	100%
Sidra Al Rumeila Shipping Company	Republic of Liberia	100%	100%
Sidra Messaied Shipping Company	Republic of Liberia	100%	100%
Horizon Marine Services Limited	Republic of Liberia	100%	100%
Sidra Doha Shipping Company	Republic of Liberia	100%	-
Sidra Al Khor Shipping Company	Republic of Liberia	100%	-

The Consolidated Financial Statements of WOQOD for the year ended 31 December 2020 were authorised for issuance in accordance with a resolution of the Board of Directors on 20 January 2021.

### 2. BASIS OF PREPARATION

#### a) Statement of accounting

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). Details of the Group’s accounting policies are included in Note 3.

#### b) Impact of COVID-19 on the consolidated financial statements

The COVID-19 pandemic caused slowdown in economic activities during the period from March 2020. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in the State of Qatar.

Although the Company has taken adequate measures to ensure business continuity during the pandemic period, business operations were impacted due to the circumstances arising from COVID-19 including the compression of demand for petroleum products and volatility in regulated fuel prices, resulting in lower revenue and gross profits. The management has assessed the accounting implications of these developments on these consolidated financial statements wherever applicable, including but not limited to fair value of investments, expected credit losses and modification of financial liability under IFRS 9, ‘Financial Instruments’, the impairment of tangible assets under IAS 36, ‘Impairment of non-financial assets’, the net realisable value of inventory under IAS 2, ‘Inventories’ and contingent liabilities under IAS 37. The management has ensured that all necessary steps have been taken to ensure smooth and adequate continuation of its business in order to maintain business performance despite the hindered economic activity.

Based on all the assessments and after considering all the adjustments, the management of the Company is of the view that there is no material impact of COVID - 19 on the carrying amounts of assets and liabilities as at 31 December 2020. Going forward, the management will continue to monitor the potential impact and take necessary steps to mitigate any effects.

## QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

### Notes to the Consolidated Financial Statements For the year ended 31 December 2020

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#### 2. BASIS OF PREPARATION (CONTINUED)

##### c) Basis of measurement

These Consolidated Financial Statements have been prepared under the historical cost convention except for investments and owned land, which have been measured at fair value.

##### d) Functional and presentation currency

These Consolidated Financial Statements are presented in Qatari Riyals, which is the Group’s functional currency. All financial information presented in Qatari Riyals is rounded to the nearest thousands of Qatari Riyal unless otherwise indicated.

##### e) Use of judgements and estimates

In preparing these Consolidated Financial Statements, management has made judgments and estimates that affect the application of Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

##### **Judgements**

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- i) Note 32 - lease term: whether the Group is reasonably certain to exercise extension options.

##### **Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties at 31 December 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- i) Note 3 (e) – change in the useful life of the property, plant and equipment
- ii) Note 3 (h) – change in the useful life of the investment property
- iii) Note 4 (ii)- measurement of Expected Credit Loss (ECL) allowance for trade receivables and bank balances: key assumptions in determining the weighted-average loss rate.
- iv) Note 6 (iii)- determining the fair values of land on the basis of significant unobservable inputs.
- v) Note 10 - impairment test of goodwill: key assumptions underlying recoverable amounts,
- vi) Notes 31 – recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

##### **Measurement of fair values**

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The valuation is reviewed for significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or valuation services, is used to measure fair values, then the valuation is assessed based on the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the standards, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements For the year ended 31 December 2020

### 2. BASIS OF PREPARATION (CONTINUED)

#### e) Use of judgements and estimates (continued)

##### *Measurement of fair values (continued)*

Further information about the assumptions made in measuring fair values is included in the following notes:

- i) Note 6 – property, plant and equipment
- ii) Note 8 – investment property; and
- iii) Note 9 – investment securities

#### f) Newly effective amendments and improvements to standards

During the current year, the below amended IFRS and improvements to standards became effective for the first time for financial year ended 31 December 2020:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Definition of a Business (Amendments to IFRS 3)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16)

The adoption of the above amended standards and improvements to standards had no significant impact on the Group’s Consolidated Financial Statements.

##### *Adoption not expected to impact the Group’s Consolidated Financial Statements*

Effective for year ending after 31 December 2020	<ul style="list-style-type: none"><li>- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)</li><li>- Interest Rate Benchmark Reforms – Phase 2 (Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)</li><li>- Annual Improvements to IFRS Standards 2018–2020</li><li>- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)</li><li>- Reference to the Conceptual Framework (Amendments to IFRS 3)</li><li>- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)</li></ul>
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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied in the preparation of these Consolidated Financial Statements:

#### a) Basis of consolidation

##### i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a ‘concentration test’ that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

##### ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

##### iii) Non-controlling interests (‘NCI’)

NCI are measured initially at the proportionate share of the acquiree’s identifiable net assets on the date of acquisition. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

## QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

### Notes to the Consolidated Financial Statements For the year ended 31 December 2020

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#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### a) Basis of consolidation (continued)

###### iv) *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

###### v) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealized income and expenses arising from the intra-group transactions are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

##### b) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses, if any.

##### c) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over the goods or services to a customer.

###### i) *Sale of goods*

Revenue is recognised when the control over goods have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

###### ii) *Rendering of services*

The Group is involved in providing services related to vehicles inspection and transportation and distribution of refined petroleum products. Revenue from such services is recognised upon completion of services as the duration of services is generally short in nature.

##### d) Other income

###### i) *Interest income*

Interest income is recorded using the Effective Interest Rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of financial instrument to the gross carrying amount of the financial asset.

In calculating interest income, the EIR is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the EIR to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

###### ii) *Rental income*

Rental income from investment property is recognised as revenue over the term of the lease. Rental income is included in “Other Income”.

###### iii) *Dividend income*

Dividend income is recognized in profit or loss on the date on which the Group’s right as to receive payment is established.

##### e) Property, plant and equipment

###### i) *Recognition and measurement*

Items of property, plant and equipment are recognised at cost of acquisition and measured thereafter at cost less accumulated depreciation and any accumulated impairment losses, except for land owned by the Group that is measured at fair value. Cost includes all costs necessary to bring the asset to working condition for its intended use and includes project management costs, that are directly attributable to the relevant asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements For the year ended 31 December 2020

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### e) Property, plant and equipment (continued)

##### ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

##### iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss. Land is not depreciated.

The estimated useful lives for the current year and the comparative year are as follows:

	31 December 2020	31 December 2019
Buildings and infrastructure	20-40 years	10-20 years
Plant and equipment	20 years	10-20 years
Vehicles, office equipment and furniture	5-10 years	5-10 years
Vessels	25-30 years	25-30 years

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

During the year, the Group conducted an assessment of the useful life of its property, plant and equipment, which resulted in a change in the expected useful lives which have increased when compared to the previous year. The effect of these changes is a decrease in depreciation expense amount to QR 99.5 million.

##### iv) Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Profits and losses on disposals of items of property, plant and equipment are determined by comparing the proceeds from their disposals with their respective carrying amounts and are recognised net within profit or loss.

#### f) Government grants

The Group recognises an unconditional government grant in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognised at nominal value.

#### g) Capital work in progress

Capital work in progress comprises projects under construction and is carried at cost less impairment, if any. Capital work in progress is not depreciated. Once the construction of assets is completed and is put into use, they are capitalized to either the property, plant and equipment or the investment property depending on their use and depreciated accordingly.

#### h) Investment property

Investment property represents land and buildings that are occupied substantially for use by third parties and are held by the Group to earn rentals or capital appreciation. Changes in fair values are not recognised as the Group recognises these investment properties at cost model and carries investments at cost less accumulated depreciation.

##### i) Recognition and measurement

An investment property is recognized initially at cost of acquisition, including any transaction costs, and is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

##### ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

##### iii) Depreciation

Depreciation is calculated to write off the cost of items of investment properties using the straight-line method over the estimated useful lives of 40 years (2019: 20 years) and is recognised in profit or loss.

During the year, the Group conducted an assessment of the useful life of its investment properties, which resulted in a change in the expected useful lives which have increased when compared to the previous year. The effect of these changes is a decrease in depreciation expense amount to QAR 11.2 million.

##### iv) Derecognition

An item of investment property is derecognized upon disposal or when no future economic benefits are expected from its use. Profits and losses on disposals of items of investment property are determined by comparing the proceeds from their disposals with their respective carrying amounts and are recognised net in profit or loss.



## QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

### Notes to the Consolidated Financial Statements For the year ended 31 December 2020

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#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank balances and short-term deposits with maturities of three months or less, if any, net of any outstanding balances and are used by the Group in the management of its short-term commitments.

##### j) Financial instruments

###### i) *Recognition and initial measurement*

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

###### ii) *Classification and subsequent measurement*

###### *Financial assets*

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value Through Other Comprehensive Income (FVOCI) – debt investment and FVOCI – equity investment or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

###### **Financial assets – Business model assessment**

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group’s continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements For the year ended 31 December 2020

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### j) Financial instruments (continued)

##### Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

##### Financial assets – Subsequent measurement and gains and losses:

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the EIR method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value net of transaction costs. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

##### Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the EIR. Interest expense and foreign exchange gains or losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### iii) Derecognition

##### Financial assets

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

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

##### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements For the year ended 31 December 2020

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### j) Financial instruments (continued)

##### iv) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### k) Impairment

##### i) *Non-derivative financial assets*

###### *Financial instruments*

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost. The Group also recognises loss allowances for ECLs on lease receivables, which are disclosed as part of trade and other receivables.

Loss allowances for trade receivables (including lease receivables) are always measured at an amount equal to lifetime ECLs.

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, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 360 days past due.

The Group considers a financial asset to be in default when:

- the debtor 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
- the financial asset is more than 360 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

###### *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 entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the EIR of the financial asset.

###### *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.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower;
- a breach of contract such as a default or being more than 360 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

###### **Presentation of allowance for ECL in the consolidated statement of financial position**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

###### *Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is more than 1 year past due and not secured by any guarantees, based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. 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.

## QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

### Notes to the Consolidated Financial Statements For the year ended 31 December 2020

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#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *k) Impairment (continued)*

##### *ii) Non-financial assets*

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

##### **l) Inventories**

Inventories are stated at the lower of cost and net realizable value. Costs include expenses incurred in bringing each product to its present condition and location and measured on a weighted average basis. Net realizable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

##### **m) Earnings per share**

The Group presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

##### **n) Foreign currency**

##### *i) Foreign currency transactions*

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

##### *ii) Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Qatari Riyals at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Qatari Riyals at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the translation reserve.

##### **o) Employees' end of service benefits**

The Group provides end of service benefits to its employees that meets or exceeds the provisions of the Qatar Labour Law and Civil Human Resources Law No. 15 of 2016 and any amendments thereof. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of minimum service period. The expected costs of these benefits are accrued over the period of employment.

The Group makes contributions to the General Retirement and Social Insurance Authority in respect to its national employees which is calculated as a percentage of the employees' salaries.

## **QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)**

### **Notes to the Consolidated Financial Statements For the year ended 31 December 2020**

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#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **p) Provision**

A provision is recognized when:

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

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

##### **q) Segment reporting**

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. The Group's primary format for segment reporting is based on business segments which are determined based on the Group's management and internal reporting structure.

##### **r) Leases**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### **i) As a lessee**

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets that do not meet the definition of investment property and finance lease liability in the statement of financial position.

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements For the year ended 31 December 2020

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### r) Leases (continued)

##### i) As a lessee (continued)

###### *Short-term leases and leases of low-value assets*

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense over the lease term.

###### *COVID-19-related rent concessions*

The Group has applied COVID-19-Related Rent Concessions – Amendment to IFRS 16. The Group applies the practical expedient allowing it to not assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and circumstances.

##### ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income over the lease term as part of ‘Other income’.

##### s) 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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities (Note 2(d)).

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements For the year ended 31 December 2020

### 4. FINANCIAL RISK AND CAPITAL MANAGEMENT

#### a) Financial risk management

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

- Credit risk;
- Liquidity risk; and
- Market risk.

#### i) Risk management framework

The Company’s Board of Directors has the overall responsibility for establishment and oversight of the Group’s risk management framework. Risk management function is established, which is responsible for developing and monitoring the Group’s risk management policies and reports regularly to the Board of Directors.

The Group audit committee oversees how management monitors compliance with the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework.

#### ii) Credit risk

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

The maximum exposure to credit risk at the reporting date is as follows:

(Amount in thousands of QR)

	Carrying amounts	
	2020	2019
Trade receivables	2,057,511	1,594,455
Due from related parties	176,126	325,657
Bank balances	2,250,343	3,013,409
	<b>4,483,980</b>	<b>4,933,521</b>

#### Trade and other receivables and due from related parties

The Group has 5,411 (2019: 4,691) customers with its largest 5 customers accounting for 63% (2019: 51%) of its trade receivables. This significant concentration risk has been managed through enhanced monitoring and periodic tracking. The Group has a rigorous policy of credit screening prior to providing goods or services on credit. Credit evaluations are performed on customers requiring credit and are approved by the Group’s management.

The Group seeks to limit its credit risk by setting credit limits for individual customers. The Group further mitigates the credit risk by requesting bank guarantees in accordance with its credit policy. Management regularly monitors outstanding receivables and reviews the collectability of its trade receivables. The Group has a policy to provide for any amounts the collection of which is no longer probable or writes off as bad debts any amounts whose recovery is unlikely. As a result, management believes that there is no significant credit risk on its trade and other receivables as presented on the Statement of Financial Position. The Group maintains a provision for doubtful accounts receivable; the estimation of such provision is reviewed regularly and established on a case by case basis. Refer to Note 13 for Trade Receivables ageing.

In response to the COVID-19 pandemic, the credit control function has been performing frequent reviews of sales limits for customers in industries that are severely impacted.

The Group is monitoring the economic environment in response to the COVID-19 pandemic to minimize the impacts from credit risks.

The trade and other receivables are unrated except for Government customers.

The movement in the provision for impairment of trade receivables is disclosed in Note 13.

## QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

### Notes to the Consolidated Financial Statements For the year ended 31 December 2020

#### 4. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED) (continued)

##### a) Financial risk management (continued)

##### ii) Credit risk (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers-

<i>(Amount in thousands of QR)</i>	2020		2019	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Current	503,463	7,505	1,016,001	6,963
1-30 days	379,518	12,380	177,024	1,673
31 to 60 days	332,388	20,557	78,490	2,312
61 to 90 days	307,943	29,044	64,365	2,270
91 to 180 days	325,379	31,066	89,456	5,162
More than 181-365	208,820	73,419	169,119	94,586
	<b>2,057,511</b>	<b>173,971</b>	<b>1,594,455</b>	<b>112,966</b>

The Group uses an allowance matrix to measure the ECLs of trade receivables which comprises a very large number of small balances.

Loss rates are calculated using a ‘net flow rate’ method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Net flow rates are calculated separately for exposures in different segments.

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables.

##### *Bank balances*

The Company limits its exposure to credit risk on bank balances by maintaining balances with banks having high credit ratings.

##### iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Management ensures, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation. The Group maintains adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following are the contractual maturities of financial liabilities including finance cost payments but excluding the impact of netting agreements, if any. These are expected to mature around their due dates and for the similar amounts:

*(Amount in thousands of QR)*

2020	Carrying Amounts	Contractual cash flows			
		Total	Less than 1 year	2 – 5 years	More than 5 years
Finance lease liabilities	155,469	(155,469)	(36,854)	(77,933)	(40,682)
Due to related parties	2,264,731	(2,264,731)	(2,264,731)	-	-
Trade and other payables	714,490	(714,490)	(714,490)	-	-
	<b>3,134,690</b>	<b>(3,134,690)</b>	<b>(3,016,075)</b>	<b>(77,933)</b>	<b>(40,682)</b>

2019	Carrying Amounts	Total	Less than 1 year	2 – 5 years	More than 5 years
Finance lease liabilities	125,668	(125,668)	(20,278)	(62,392)	(42,998)
Due to related parties	2,884,559	(2,884,559)	(2,803,816)	(80,743)	-
Trade and other payables	829,326	(829,326)	(829,326)	-	-
	<b>3,839,553</b>	<b>(3,839,553)</b>	<b>(3,653,420)</b>	<b>(143,135)</b>	<b>(42,998)</b>



## QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

### Notes to the Consolidated Financial Statements For the year ended 31 December 2020

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#### 4. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

##### a) Financial risk management (continued)

###### iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, 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.

###### i) Equity price risk

The Group is subject to equity price risk in relation to the equity securities at FVOCI. The Group manages its market risk by evaluating the current market value and other factors including normal volatility in share price for quoted equities by way of investment manager's periodical reports relating to equities. Management monitors the price fluctuations on a continuous basis and acts accordingly.

A 10% increase or decrease in market values of the Group's quoted portfolio of equity securities at FVOCI is expected to result in an increase or decrease of QR 138 million (2019: QR 155 million) in the assets and equity of the Group.

###### ii) Currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency. As the US Dollar is pegged with the Qatari Riyal, the Group is not exposed to currency risk when it transacts in this currency. Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

###### iii) Interest rate risk

Interest rate risk arises when the fair value or future cash flows of a financial instrument fluctuates because of changes in market interest rates. The Company has interest rate risk arising from bank deposits. These deposits are issued at fixed rates which expose the Company to fair value interest rate risk. However, a change in interest rates at the reporting date would not affect profit or loss.

##### b) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base in order to support its business and to sustain future development of the business. The Group's capital management policy remained unchanged since the previous year. The Group is not subject to any externally imposed capital requirements.

##### c) Fair Values

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 carrying amounts of financial assets and financial liabilities reasonably approximate their fair values because of their short-term nature or due to the immaterial effect of discounting when the present value of future cash flows from these instruments are calculated.

The fair value of due to related party is based on the discounted value of expected future cash flows using applicable market rates for similar types of instruments as at reporting date.

#### 5. CHANGE IN ACCOUNTING POLICY

The Group has early adopted COVID-19-Related Rent Concessions – Amendment to IFRS 16 issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee – i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Group has applied the amendment retrospectively. The amendment has no impact on retained earnings at 1 January 2020.

**QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)**

**Notes to the Consolidated Financial Statements**

**For the year ended 31 December 2020**

*(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)*

**6. PROPERTY, PLANT AND EQUIPMENT**

	<b>Land</b>	<b>Buildings &amp; infrastructure</b>	<b>Plant and equipment</b>	<b>Vehicles, office equipment and furniture</b>	<b>Vessels</b>	<b>Projects in progress</b>	<b>Total</b>
<b>Cost</b>							
At 1 January 2020	548,400	1,835,673	781,374	825,224	324,901	446,947	4,762,519
Additions	-	85,043	16,573	49,597	34,006	123,392	308,611
Revaluation	(14,300)	-	-	-	-	-	(14,300)
Impairment loss for the year	(1,580)	-	-	-	-	-	(1,580)
Transfers from projects in progress	-	233,246	54,680	64,270	40,826	(393,022)	-
Disposals / Transfers	-	(43,689)	(2,911)	(3,732)	806	-	(49,526)
<b>At 31 December 2020</b>	<b>532,520</b>	<b>2,110,273</b>	<b>849,716</b>	<b>935,359</b>	<b>400,539</b>	<b>177,317</b>	<b>5,005,724</b>
<b>Accumulated depreciation</b>							
At 1 January 2020	-	423,401	492,434	629,699	135,612	-	1,681,146
Depreciation charge	-	48,045	20,481	74,633	11,975	-	155,134
Disposals / Transfers	-	(7)	(2,055)	(3,646)	340	-	(5,368)
<b>At 31 December 2020</b>	<b>-</b>	<b>471,439</b>	<b>510,860</b>	<b>700,686</b>	<b>147,927</b>	<b>-</b>	<b>1,830,912</b>
<b>Carrying value</b>							
<b>At 31 December 2020</b>	<b>532,520</b>	<b>1,638,834</b>	<b>338,856</b>	<b>234,673</b>	<b>252,612</b>	<b>177,317</b>	<b>3,174,812</b>
<b>Cost</b>							
At 1 January 2019	557,643	1,600,500	695,349	840,822	322,637	172,415	4,189,366
Additions	-	76,071	57,350	27,625	991	517,962	679,999
Transfer to right-of-use assets	-	-	-	(34,309)	-	-	(34,309)
Revaluation	(5,780)	-	-	-	-	-	(5,780)
Impairment loss for the year	(3,463)	-	-	-	-	-	(3,463)
Transfers from projects in progress	-	159,102	36,876	46,179	1,273	(243,430)	-
Disposals / Transfers	-	-	(8,201)	(55,093)	-	-	(63,294)
<b>At 31 December 2019</b>	<b>548,400</b>	<b>1,835,673</b>	<b>781,374</b>	<b>825,224</b>	<b>324,901</b>	<b>446,947</b>	<b>4,762,519</b>
<b>Accumulated depreciation</b>							
At 1 January 2019	-	336,193	439,585	626,830	125,595	-	1,528,203
Depreciation charge	-	86,842	53,827	58,419	10,017	-	209,105
Transfer to right-of-use assets	-	-	-	(2,859)	-	-	(2,859)
Disposals / Transfers	-	366	(978)	(52,691)	-	-	(53,303)
<b>At 31 December 2019</b>	<b>-</b>	<b>423,401</b>	<b>492,434</b>	<b>629,699</b>	<b>135,612</b>	<b>-</b>	<b>1,681,146</b>
<b>Carrying value</b>							
<b>At 31 December 2019</b>	<b>548,400</b>	<b>1,412,272</b>	<b>288,940</b>	<b>195,525</b>	<b>189,289</b>	<b>446,947</b>	<b>3,081,373</b>

i) The Group has received Government aid in the form of non-monetary assets (90 plots of land located in State of Qatar) for the purpose of constructing and operating petrol stations.

Out of the Ninety (90) plots of land received, the title deeds for seven (7) plots have been transferred to the Group and was accounted for using revaluation model. A right to use has been granted by the Ministry of Municipality and Urban Planning for eighty three (83) plots of land.

## QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

### Notes to the Consolidated Financial Statements

#### For the year ended 31 December 2020

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

#### 6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group has 10 (2019: 8) vessels that operate mainly in fuel bunkering, bitumen and chartering.

Five vessels are owned by Woqod Marine Services Company W.L.L and five vessels by Polaris Marine Services L.L.C.

- ii) Depreciation allocated to cost of sales amounted to QR 134 million (2019: QR 188 million) and general and administrative expenses in amount to QR 21 million (2019: QR 21 million).
- iii) The fair value of the Group’s land as at 31 December 2020 has been determined on the basis of valuation carried out by an independent and professionally qualified valuer having appropriate experience in the location and category of the properties being valued.

The fair value measurement of the land has been categorized as a Level 2 fair value based on the inputs to the valuation technique used.

The Group used Market approach for measuring the fair value of the land. The significant unobservable inputs for this valuation technique involved margin for negotiation, size and location adjustments, planning and zoning regulations. These inputs in relation to size, location and commercial viability impact directly the estimated fair value.

#### 7. RIGHT-OF-USE ASSETS

	Land	Vehicle	Total
<b>Cost</b>			
Transfer from property, plant & equipment	-	34,309	34,309
Capitalisation on initial application of IFRS 16	63,009	6,131	69,140
Additions during the year	7,692	38,268	45,960
Disposals	-	(1,907)	(1,907)
	<u>70,701</u>	<u>76,801</u>	<u>147,502</u>
<b>Accumulated Depreciation</b>			
Transfer from property, plant & equipment	-	2,859	2,859
Charge for the period	6,834	13,691	20,525
Disposals	-	(40)	(40)
	<u>6,834</u>	<u>16,510</u>	<u>23,344</u>
<b>Carrying value</b>			
<b>At 31 December 2019</b>	<u>63,867</u>	<u>60,291</u>	<u>124,158</u>
<b>Cost</b>			
As at Dec 31, 2019	70,701	76,801	147,502
Additions during the year	40,704	25,827	66,531
Disposals	(1,202)	-	(1,202)
	<u>110,203</u>	<u>102,628</u>	<u>212,831</u>
<b>Accumulated Depreciation</b>			
As at Dec 31, 2019	6,834	16,510	23,344
Charge for the period	18,062	18,656	36,718
Disposals	(860)	-	(860)
	<u>24,036</u>	<u>35,166</u>	<u>59,202</u>
<b>Carrying value</b>			
<b>At 31 December 2020</b>	<u>86,167</u>	<u>67,462</u>	<u>153,629</u>

## QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

### Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

#### 8. INVESTMENT PROPERTIES

	2020	2019
<b>Cost</b>		
Balance at 1 January	1,040,611	1,025,610
Additions	-	12,134
Transfer from property, plant and equipment	43,269	2,867
Impairment	(7,428)	-
Balance at 31 December	<u>1,076,452</u>	<u>1,040,611</u>
<b>Accumulated depreciation</b>		
Balance at 1 January	(154,339)	(119,384)
Depreciation charge for the year	(15,797)	(34,079)
Transfer from property, plant and equipment	-	(876)
Balance at 31 December	<u>(170,136)</u>	<u>(154,339)</u>
<b>Carrying Value</b>		
<b>Balance at 31 December</b>	<u><u>906,316</u></u>	<u><u>886,272</u></u>

The fair value of investment property was determined by independent external property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group’s investment property portfolio.

The investment properties were valued using the income earning approach. Under this approach, a property’s fair value is estimated based on the capitalization of the net operating income of the relevant property using the market yield. The total fair value of the investment property as at 31 December 2020 was QR 1,585 million (2019: QR 1,512 million).

The fair value measurement for all the investment properties has been categorized as a Level 3 fair value based on the above inputs on the valuation technique used.

#### 9. INVESTMENTS

Investment represents the investments in shares of listed entities on the Qatar Exchange and other project investments. At the reporting date, the details of the closing balances were as follows:

	2020	2019
Investment at FVOCI	1,382,133	1,553,936
Investments current account	253,851	16,980
Long term deposits	1,076,266	1,450,766
	<u>2,712,250</u>	<u>3,021,682</u>

The movement in balances of investment securities at FVOCI and at amortised cost during the year is as follows:

	2020	2019
Balance at 1 January	1,553,936	1,485,015
Acquired during the year	1,685,966	1,092,990
Disposals	(1,964,051)	(1,106,265)
Net movement in fair value reserve	106,282	82,196
Balance at 31 December	<u>1,382,133</u>	<u>1,553,936</u>

#### Fair value hierarchy

The Group uses the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique as described in Note 2 (d). As at 31 December 2019 and 2018, the Group held the following classes of financial instruments measured at fair value:

#### Investments securities at FVOCI

	Total	Level 1	Level 2	Level 3
2020	<u>1,382,133</u>	<u>1,382,133</u>	-	-
2019	<u>1,553,936</u>	<u>1,553,936</u>	-	-

During the year ended 31 December 2020 and 2019, 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 also.

## QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

### Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

#### 10. GOODWILL AND INTANGIBLES

	<b>2020</b>	2019
Goodwill (i)	132,935	132,935
Intangibles (ii)	2,236	-
	<u>135,171</u>	<u>132,935</u>

##### (i) Goodwill

	<b>2020</b>	2019
Relating to Qatar Jet Fuel Co. W.L.L. (Q-Jet)	57,700	57,700
Relating to Woqod Vehicles Inspection Co. W.L.L. (Fahes)	75,235	75,235
	<u>132,935</u>	<u>132,935</u>

The recoverable amounts of these CGUs have been based on value-in-use calculations using cashflow projections from financial budgets approved by management covering a five-year period. Based on this exercise, the Group concluded that there were no indications of impairment. The key assumptions used in calculations are set out in the table below:

	<u>Qatar Jet Fuel Co. W.L.L.</u>		<u>Woqod Vehicle Inspection Co. W.L.L.</u>	
	<b>2020</b>	2019	<b>2020</b>	2019
Revenue growth	<b>10%</b>	7.5%	<b>1%</b>	10%
Expenses growth	<b>3%</b>	3%	<b>1%</b>	3%
Discount rate	<b>4%</b>	5%	<b>4%</b>	5%

Revenue growth was projected considering the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that sales prices would grow at a constant margin above forecast inflation over the next five years, in line with information obtained from industry statistical analysis of long-term market trends.

Operating expenses are projected to increase at a single-digit growth rate and at a slower pace than revenue.

Discount rates are derived from the Group’s weighted average cost of capital (WACC) which is used by the management to assess operating performance and to evaluate future investment proposals. In determining discount rates, regard has been given to various market information, including, but not limited to, government bond yield and market risk premium.

Management believes that any reasonably possible change in key assumptions on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

##### (ii) Intangibles

	<b>2020</b>	2019
Cost	2,533	-
Amortisation	(297)	-
	<u>2,236</u>	<u>-</u>

Intangibles include software having useful life of 5 years.

#### 11. INVENTORIES

	<b>2020</b>	2019
Fuel inventory	143,116	216,792
Materials and spare parts	140,908	146,193
Retail stores inventory	30,182	31,708
Other inventory items	8,843	44,395
	<u>323,049</u>	<u>439,088</u>
Provisions slow moving items	(7,727)	(12,523)
	<u>315,322</u>	<u>426,565</u>

The movement in the provision for slow moving items is as follows:

	<b>2020</b>	2019
Balance at 1 January	12,523	7,325
(Reversed) / provided during the year	(4,796)	5,198
Balance at 31 December	<u>7,727</u>	<u>12,523</u>

## QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

### Notes to the Consolidated Financial Statements

#### For the year ended 31 December 2020

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

#### 12. RELATED PARTY TRANSACTIONS

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24, “Related Party Disclosures”. Related parties comprise companies under common ownership and/or common management and control, key management personnel, entities in which the shareholders have controlling interest, affiliates, and other related parties.

##### a) Transactions with related parties

The Group, in the normal course of business, carries out major transactions with Qatar Petroleum. Sales transactions to Qatar Petroleum are at arm’s length and purchases from Qatar Petroleum are in accordance with approved contractual terms. The details of the transactions with this related party are as follows:

		2020	2019
Qatar Petroleum	Sales	93,640	163,832
	Purchases	11,124,413	20,100,209
Qatar Gas	Sales	1,302,888	1,435,795
North Oil Company	Sales	108,653	172,699
Rasgas	Sales	813	9
Gulf Drilling International	Sales	18,595	25,257
Amwaj Catering Services	Sales	22,589	26,528
	Services	37,491	27,002
Qatar Chemical and Petrochemical Marketing and Distribution Company	Sales	33,569	42,163
Oryx Gtl	Sales	8,989	10,758
Qatar Steel Company	Sales	4,986	11,745
Nakilat Agency Co.	Sales	4,918	33,664
Gulf Helicopter	Sales	6,372	12,650
Qatex Limited	Sales	5,001	9,806
Qatar Aluminium	Sales	6,303	8,324
Dolphin Energy Limited.	Sales	6,333	8,516
Qatar Petroleum Development	Sales	2,264	4,401
Qatar Chemical Company Ltd	Sales	3,095	3,339
Qatar Fuel Additives Company	Sales	1,849	2,064
Alkoot Insurance & Reinsurance Company	Services	24,894	22,636
Others	Sales	3,797	6,447

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There are no guarantees provided or received for related party receivables or payables.

## QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

### Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

#### 12. RELATED PARTY TRANSACTIONS (CONTINUED)

##### b) Balances due from related parties:

	2020	2019
Qatar Petroleum	68,779	130,423
Qatar Gas Operation Co. Ltd.	78,237	155,008
Rasgas	861	1,198
North Oil Company	13,042	21,735
Nakilat Agency Co.	232	956
Gulf Drilling International	5,515	3,883
Qatar Fuel Additives Company	322	539
Gulf Helicopters	976	1,021
Dolphin Energy Limited.	907	1,174
Qatar Petrochemical Company	358	75
Qatar Aluminium	517	667
Amwaj Catering Services	878	1,739
Qatar Gas Transport Co. Limited	159	642
Qatar Petroleum Development	940	900
Qatar Steel Company	73	762
Qatar Chemical Company Ltd	158	195
Qatar Fertiliser Company	383	314
Qatar Galvanizers	-	59
Qatar Vinaly Co. Ltd.	19	14
Oryx Gtl	239	104
Gasal	63	49
Seef Ltd.	2	14
Qatex Limited	913	731
Ras Laffan Power Co. Limited	12	-
Messaied Power company	21	159
Ras Girtas Power Co.	32	46
Umm Al Houll Power	9	31
Qatar Chemical and Petrochemical marketing and Distribution compnay	2,479	3,219
	<u>176,126</u>	<u>325,657</u>

##### c) Balances due to related parties:

	2020	2019
Qatar Petroleum	2,258,163	2,871,590
Amwaj Catering Services	6,568	12,684
Al Koot	-	285
	<u>2,264,731</u>	<u>2,884,559</u>
	2020	2019
Non-current portion	-	80,743
Current portion	2,264,731	2,803,816
	<u>2,264,731</u>	<u>2,884,559</u>

##### d) Compensation to key management personnel

	2020	2019
Salaries of executive management	11,878	10,714
Board's remuneration (i)	11,820	11,820
Secondment Allowance	5,263	7,798
Other committee allowances	669	435
	<u>29,630</u>	<u>30,767</u>

Board of Directors' remuneration for the year is subject to approval at the ordinary general assembly meeting of the Company to be held on 08 March 2021.

## QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

### Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

#### 13. TRADE RECEIVABLES

	<b>2020</b>	2019
a) Trade receivables	2,057,511	1,594,455
Less: impairment of receivables	<u>(173,971)</u>	<u>(112,966)</u>
	<b><u>1,883,540</u></b>	<b><u>1,481,489</u></b>
a) The aging for trade receivables is as follows:		
	<b>2020</b>	2019
Current	503,463	1,016,001
1-30 days	379,518	177,024
31 to 60 days	332,388	78,490
61 to 90 days	307,943	64,365
91 to 180 days	325,379	89,456
181-365 days	<u>208,820</u>	<u>169,119</u>
	<b><u>2,057,511</u></b>	<b><u>1,594,455</u></b>
b) Movement in provision for receivables:		
	<b>2020</b>	2019
At 1 January	112,966	108,650
Provided during the year	40,196	7,166
Pricing difference adjustments in cost of sales	26,572	-
Reversal of provision	<u>(5,763)</u>	<u>(2,850)</u>
At 31 December	<b><u>173,971</u></b>	<b><u>112,966</u></b>

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behavior and extensive analysis of customer credit risk, including underlying customers credit ratings, when available. Most of the above receivables are either secured against a bank guarantee or are receivable from government entities.

#### 14. PREPAYMENTS AND OTHER RECEIVABLES

	<b>2020</b>	2019
Staff advances and loans	23,238	25,757
Advances, deposits and prepaid expenses	26,839	57,998
Receivable from Ministries	64,986	64,986
Other receivables	<u>12,134</u>	<u>10,615</u>
	<b><u>127,197</u></b>	<b><u>159,356</u></b>

#### 15. CASH AND BANK BALANCES

	<b>2020</b>	2019
Cash	386	325
Balances with banks		
- Current and call accounts	124,201	178,274
- Fixed deposits	<u>1,386,623</u>	<u>2,434,570</u>
<b>Cash and cash equivalents</b>	<b><u>1,511,210</u></b>	<b><u>2,613,169</u></b>
Fixed deposits having maturity more than 3 months	<u>739,519</u>	<u>400,565</u>
<b>Cash and bank balances</b>	<b><u>2,250,729</u></b>	<b><u>3,013,734</u></b>

#### 16. SHARE CAPITAL

Authorized:	<b>2020</b>	2019
1,000,000,000 ordinary shares of QR 1 each (2019: 1,000,000,000 shares of QR 1 each)	<b><u>1,000,000</u></b>	<b><u>1,000,000</u></b>
Issued and fully paid up share capital:		
994,255,760 ordinary shares of QR 1 each (2019: 994,255,760 shares of QR 1 each)	<b><u>994,256</u></b>	<b><u>994,256</u></b>



## QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

### Notes to the Consolidated Financial Statements

#### For the year ended 31 December 2020

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

#### 17. LEGAL RESERVE

The Company maintains a legal reserve in line with the requirements of the Qatar Commercial Companies Law No. 11 of 2015, which states that at least 10% of the profit in each year should be transferred to a legal reserve until the balance in such reserve is at least 50% of a company’s paid-up share capital. This reserve is not available for distribution, except in circumstances specified in the above-mentioned Law.

#### 18. FAIR VALUE RESERVE

The fair value reserve comprises the cumulative net change in the fair value of investment securities at FVOCI until the assets are derecognized.

Movement in the fair value reserve related to financial assets at FVOCI is as follows:

	2020	2019
At 1 January	73,155	(7,484)
Net change in fair value	85,184	80,639
At 31 December	<u>158,339</u>	<u>73,155</u>

#### 19. FINANCE LEASE LIABILITIES

Finance lease liabilities are payable as follows:

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2020	2019	2020	2019	2020	2019
<i>Current Portion</i>						
Less than one year	43,607	26,017	6,753	5,866	36,854	20,278
<i>Non-Current Portion</i>						
Between one and five years	91,597	76,285	13,664	13,892	77,933	62,392
More than 5 years	53,669	57,774	12,987	14,774	40,682	42,998
	<u>145,266</u>	<u>134,059</u>	<u>26,651</u>	<u>28,666</u>	<u>118,615</u>	<u>105,390</u>
<b>Total</b>	<u><b>188,873</b></u>	<u><b>160,076</b></u>	<u><b>33,404</b></u>	<u><b>34,532</b></u>	<u><b>155,469</b></u>	<u><b>125,668</b></u>

During the current year, the Group has capitalized right-to-use assets in compliance with IFRS 16. The assets are capitalized as part of right-of-use assets. The present value of minimum lease payments is determined using a discounted factor, which is the addition of risk-free rate and market risk premium.

#### 20. EMPLOYEES’ END OF SERVICE BENEFITS

	2020	2019
Balance at 1 January	89,247	91,545
Provided / (reversal) during the year	32,167	43,460
Paid during the year	(31,306)	(45,759)
<b>Balance at 31 December</b>	<u><b>90,108</b></u>	<u><b>89,246</b></u>

#### 21. DECOMMISSIONING PROVISION

Provision was made during the year in respect of the Group’s obligation to decommission the assets at the end of the lease term.

Because of the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will be incurred. In particular, the Group has assumed that the site will be restored using technology and materials that are currently available. The Group has been provided with a range of reasonably possible outcomes for the total cost, reflecting different assumptions about pricing of the individual components of the cost. The provision has been calculated using a discount rate which is the addition of risk-free rate and market risk premium.

#### 22. TRADE AND OTHER PAYABLES

	2020	2019
Trade payables (suppliers and contractors payable)	122,238	147,451
Retentions payable	36,892	42,150
Accruals, provisions and other payables	555,360	639,725
	<u><b>714,490</b></u>	<u><b>829,326</b></u>

## QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

### Notes to the Consolidated Financial Statements

**For the year ended 31 December 2020**

*(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)*

#### 23. REVENUES

	2020	2019
Sale of fuel products	12,225,497	21,095,441
Sale of non-fuel products	831,333	1,122,572
Revenue from services	188,603	228,245
	<b>13,245,433</b>	<b>22,446,258</b>

#### 24. COST OF SALES

	2020	2019
Cost of goods sold	12,374,462	21,071,204
Depreciation	174,397	209,656
	<b>12,548,859</b>	<b>21,280,860</b>

#### 25. OTHER INCOME

	2020	2019
Dividend income	80,795	85,478
Rental income	130,365	146,893
Miscellaneous income	16,515	25,186
	<b>227,675</b>	<b>257,557</b>

#### 26. (a) GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019
Staff cost and related benefits	163,542	157,416
Depreciation	33,559	54,931
Office expenses	28,638	31,935
Other expenses	27,907	32,905
Interest Expense	13,966	22,572
Selling and marketing expenses	19,038	23,345
	<b>286,650</b>	<b>323,104</b>

#### 26. (b) PROVISIONS / IMPAIRMENT EXPENSES

	2020	2019
Provision for bad and doubtful debts	40,196	7,166
Provision / impairment of property, plant and equipment	1,580	3,463
Provision / impairment of investment properties	7,428	-
	<b>49,204</b>	<b>10,629</b>

#### 27. FINANCE INCOME

	2020	2019
Profit from deposits with Islamic banks	78,483	95,334
Interest from non-Islamic banks	60,633	73,798
	<b>139,116</b>	<b>169,132</b>

#### 28. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share is calculated by dividing the net profit for the year attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the year as follows:

	2020	2019
Profit for the year attributable to the Owners of the Company	707,425	1,216,382
Weighted average number of shares outstanding during the year	994,256	994,256
Basic and diluted earnings per share (in QR)	<b>0.71</b>	<b>1.22</b>

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

### For the year ended 31 December 2020

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

#### 29. DIVIDENDS

The shareholders approved a cash dividend of QR 0.8 per share, amounting to QR 795.4 million for the year ended 31 December 2019 at the Annual General Assembly meeting held on 22 April 2020 (2018: cash dividend of QR 0.8 per share amounting to QR 795.4 million).

The Board of Directors has proposed cash dividends of QR 0.46 per share, amounting to a total of QR 457.4 million for the year ended 31 December 2020. The proposed dividend will be submitted for approval at the Annual General Assembly meeting.

#### 30. OPERATING SEGMENT

The Group is mainly engaged in sale and distribution of refined petroleum products, technical inspection of vehicles and marine transportation. More than 95% of the Group’s revenue is generated through a single segment i.e. sale and distribution of refined petroleum products. The Company operates in a single geographical segment.

#### 31. COMMITMENTS AND CONTINGENCIES

##### Capital commitments

	2020	2019
Capital commitments	<u>13,804</u>	<u>53,705</u>

##### Contingent liabilities

	2020	2019
Bank guarantees	<u>101,319</u>	<u>103,552</u>
Letters of credit	<u>769</u>	<u>1,357</u>

The above guarantees and letters of credits have been issued in the ordinary course of business and the Group anticipates no material liabilities from these.

#### 32. LEASES

##### a) Leases as lessee

The Group leases warehouses, plots of land and vehicles. The leases typically run for a period of range of 5 to 30 years.

##### i) Amounts recognised in profit or loss

Leases under IFRS 16	2020	2019
Interest on lease liabilities	<u>7,230</u>	<u>4,513</u>
Expenses relating to short-term leases	<u>4,923</u>	<u>28,265</u>

##### ii) Amounts recognised in statement of cash flows

	2020	2019
Total cash outflow for leases	<u>34,530</u>	<u>18,146</u>

##### iii) Extension options

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

##### b) Leases as lessor

The Group leases out its investment property consisting of its owned commercial properties as well as leased property. All leases are classified as operating leases from a lessor perspective.

## QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

### Notes to the Consolidated Financial Statements

#### For the year ended 31 December 2020

*(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)*

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### 32. LEASES (CONTINUED)

#### b) Leases as lessor (continued)

##### Operating lease

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

Operating lease commitments – Group as a lessor	2020	2019
Less than one year	150,758	194,490
One to two years	158,768	153,936
Two to three years	151,148	156,994
Three to four years	140,707	150,713
Four to five years	137,628	139,591
More than five years	-	48,416
<b>Total</b>	<b>739,009</b>	<b>844,140</b>

### 33. COMPARATIVE FIGURES

Comparative figures for the previous year have been reclassified, where necessary, in order to conform to the current year’s presentation. However, such reclassifications did not have any effect on the net profit or equity of the comparative year.