QATAR FUEL COMPANY Q.P.S.C. ("WOQOD")

CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED

31 DECEMBER 2019

Qatar Fuel Company Q.P.S.C. ("WOQOD")

Consolidated Financial Statements
As at and for the year ended 31 December 2019

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF QATAR FUEL COMPANY (WOQOD) Q.P.S.C.

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Qatar Fuel Company (WOQOD) Q.P.S.C. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statements of profit or loss, profit or loss and other comprehensive income, cash flows and changes in equity 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 2019, 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 (ISAs). 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' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in 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.

Key Audit Matters

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. Those 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 those matters.

Key Audit Matters (continued)

Description of key audit matters	**How the matter was addressed in our audit**
Valuation of Property, Plant and Equipment (PPE) (Note 6 to the consolidated financial statements) The Group Property, Plant and Equipment balance includes land that is held at re valuation model amounting to QR 548,400,000 (2018: QR 557,643,000). 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.	Our audit procedures in this area included, among others: • Assessing objectivity, independence and competency of the valuation expert appointed by the Group; • Involving our own real estate valuation expert to evaluate the appropriateness of assumptions used by the valuation expert; and • Evaluating the adequacy of the disclosures in the consolidated financial statements in line with the relevant accounting standards.
Adoption of IFRS 16 'Leases' effective from 1 January 2019 We focused on this area because: IFRS 16 "Leases" which the Group implemented on 1 January 2019; • requires complex accounting treatments, including use of significant estimates such as lease terms and judgements for the determination of transition options and practical expedients; and • the transition of which, gave rise to a right of use asset of QR 124,158,000 (Note 7), a decrease in Property plant and equipment of QR 31,450,000 (Note 6) and a resultant increase in Lease liabilities of QR 125,668,000 (Note 19) which are material to the consolidated financial statements. Accordingly, we have considered this to be a key audit matter.	Our audit procedures in this area included, among others: • Evaluating the appropriateness of the selection of accounting policies based on the requirements of IFRS 16, our business understanding and industry practice. • Considering the appropriateness of the transition approach and practical expedients applied. • Evaluating the completeness, accuracy and relevance of data used in preparing the transition adjustments. • Assessing the completeness of the IFRS 16 lease population by inspecting relevant contracts that may contain a lease and testing the lease payments. • Evaluating the reasonableness of management's key judgements and estimates made in preparing the transition adjustments, specifically around estimation of the lease terms. • Evaluating the completeness, accuracy and relevance of the transition disclosures in line with IFRS 16

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report ("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.

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.

When we read the remaining sections of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

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.

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

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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- 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.
- 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, related safeguards.

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 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 provisions of the Qatar Commercial Companies Law No. 11 of 2015 or the terms of the Articles of Association and the 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 2019.

29 January 2020
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State of Qatar

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QATAR FUEL COMPANY Q.P.S.C. ("WOQOD")

Consolidated Statement of Financial Position
As at 31 December 2019
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	Note	2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment	6	3,081,373	2,661,163
Right-of-use Asset	7	124,158	-
Investment properties	8	886,272	906,226
Investments	9	3,021,682	2,940,932
Goodwill	10	132,935	132,935
Total non-current assets		7,246,420	6,641,256
Current assets			
Inventories	11	426,565	422,450
Due from related parties	12 (b)	322,201	433,896
Trade receivables	13	1,484,936	2,517,504
Prepayments and other receivables	14	159,356	193,251
Cash and bank balances	15	3,013,734	3,566,422
Total current assets		5,406,792	7,133,523
TOTAL ASSETS		**12,653,212**	13,774,779
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	994,256	994,256
Legal reserve	17	498,914	497,791
Fair value reserve	18	73,155	(7,485)
Revaluation surplus		526,013	531,793
Retained earnings		6,402,369	6,014,885
Equity attributable to equity holders of the parent		8,494,707	8,031,240
Non – controlling interests		207,405	247,383
TOTAL EQUITY		8,702,112	8,278,623
LIABILITIES			
Non-current liabilities			
Due to related parties	12 (c)	80,743	232,776
Finance lease liability	19	105,390	25,441
Employees' end of service benefits	20	89,246	91,544
Decommissioning provision	21	22,310	-
Total non-current liabilities		297,689	349,761
Current liabilities			
Due to related parties	12 (c)	2,803,531	4,396,582
Finance lease liability	19	20,278	6,325
Trade and other payables	22	829,602	743,488
Total current liabilities		3,653,411	5,146,395
TOTAL LIABILITIES		3,951,100	5,496,156
TOTAL EQUITY AND LIABILITIES		**12,653,212**	13,774,779

These Consolidated Financial Statements were approved by the Board of Directors and signed on its behalf by the following on 29 January 2020:

Ahmad Saif Al-Sulaiti	**Saad Rashid Al-Muhannadi**
Chairman	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 2019
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	Note	2019	2018
Revenues	23	22,446,258	23,154,885
Cost of sales	24	(21,280,860)	(22,000,565)
Gross profit		**1,165,398**	1,154,320
Other income	25	257,557	314,252
General and administrative expenses	26	(333,733)	(371,577)
Finance income		169,132	146,969
Net profit for the year		**1,258,354**	1,243,964
Attributable to:			
Owners of the Company		1,216,382	1,160,112
Non-controlling interest		41,972	83,852
Net profit for the year		**1,258,354**	1,243,964
Basic earnings per share (expressed in QR per share)	27	**1.22**	1.17

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 2019
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	2019	2018
Net profit for the year	**1,258,354**	1,243,964
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net change in fair value of investment securities	74,068	140,326
Revaluation surplus for the year	(5,780)	531,793
Other comprehensive income for the year	68,288	672,119
Total comprehensive income for the year	**1,326,642**	1,916,083
Attributable to:		
Owners of the Company	1,282,769	1,829,770
Non-controlling interest	43,873	86,313
	1,326,642	1,916,083

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

Consolidated Statement of Changes in Equity
For the year ended 31 December 2019
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	Attributable to the owners of the Company						Non-Controlling Interest	Total Equity
	Share Capital	Legal Reserve	Fair Value Reserve	Revaluation Surplus	Retained Earnings	Total		
Balance at 1 January 2018	994,256	497,128	(128,075)	-	5,708,491	7,071,800	290,060	7,361,860
Adjustment on initial application of IFRS 9	-	-	(165,031)	-	118,383	(46,648)	2,965	(43,683)
Adjusted balance at 1 January 2018	994,256	497,128	(293,106)	-	5,826,874	7,025,152	293,025	7,318,177
Total comprehensive income for the year:								
Net profit for the year	-	-	-	-	1,160,112	1,160,112	83,852	1,243,964
Other comprehensive income for the year	-	-	285,621	531,793	(147,756)	669,658	2,461	672,119
Total comprehensive income for the year	-	-	285,621	531,793	1,012,356	1,829,770	86,313	1,916,083
Sale of fractional shares	-	663	-	-	63	726	-	726
Cash dividends paid for 2017 (Note 28)	-	-	-	-	(795,405)	(795,405)	-	(795,405)
Contribution to social and sports fund	-	-	-	-	(29,003)	(29,003)	-	(29,003)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(131,955)	(131,955)
Balance at 31 December 2018	994,256	497,791	(7,485)	531,793	6,014,885	8,031,240	247,383	8,278,623
Balance at 1 January 2019	994,256	497,791	(7,485)	531,793	6,014,885	8,031,240	247,383	8,278,623
Total comprehensive income for the year:								
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 28)	-	-	-	-	(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**

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 2019
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	Note	**2019**	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		1,258,354	1,243,964
Adjustments for:			
Depreciation on property, plant and equipment	6	209,105	190,417
Depreciation on right-of-use assets	7	20,525	-
Depreciation on investment properties	8	34,957	32,345
Net impairment and gain on investment securities		-	13,469
Impairment for bad and doubtful debts	13 (b)	7,166	34,252
Impairment of property, plant equipment	6	3,463	-
Impairment for slow moving inventories	11	5,198	5,979
Provision / (reversal) for employees' end of service benefits	20	43,460	(13,470)
Loss on sale of property, plant and equipment		1,685	1,495
Dividend income	25	(85,478)	(82,612)
Finance income		(169,132)	(146,969)
		1,329,303	1,278,870
Changes in:			
- inventories		(9,313)	(14,113)
- due from related parties		111,695	95,206
- trade receivable and prepayments		1,056,445	(71,899)
- trade and other payables		84,707	61,016
- due to related parties		(1,745,084)	399,842
Cash generated from operating activities		827,753	1,748,922
Employees' end of service benefits paid	20	(45,759)	(25,518)
Payment of contribution to sports fund		(29,003)	(24,102)
Net cash generated from operating activities		**752,991**	1,699,302
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		7,306	1,387
Additions to property, plant and equipment		(657,689)	(615,232)
Additions to investment properties	8	(12,134)	(29,450)
Dividends received	25	85,478	82,612
Finance income received		169,132	146,969
Proceeds from sale of fraction shares		6,513	726
Purchase of investment securities		(1,092,990)	(957,955)
Proceeds from sale of investment securities		1,108,109	1,230,717
Net movement in the fixed deposit accounts		(20,539)	(639,800)
Net cash used in investing activities		**(406,814)**	(780,026)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	28	(795,405)	(795,405)
Dividends paid to non-controlling interest		(83,851)	(131,955)
Lease payments		(18,146)	-
Net cash used in financing activities		**(897,402)**	(927,360)
Net decrease in cash and cash equivalents		(551,225)	(8,084)
Cash and cash equivalents at 1 January		3,164,394	3,172,478
Cash and cash equivalents at 31 December	15	**2,613,169**	3,164,394

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

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 and real estate services. Woqod International, a subsidiary of the Group, is established to undertake foreign investments for the company. However, 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 %	
		2019	2018
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%	-
Star Marine Services Limited	Republic of Liberia	100%	100%
Sidra Al Wajbah Shipping Co.	Republic of Liberia	100%	100%
Ocean Marine Services Limited	Republic of Liberia	100%	100%
Galaxy Marine Services Limited	Republic of Liberia	100%	100%
Sidra Al Wakra Shipping Co.	Republic of Liberia	100%	100%
Sidra Al Rumeila Shipping Co.	Republic of Liberia	100%	100%
Sidra Messaied Shipping Co.	Republic of Liberia	100%	100%
Horizon Marine Services Limited	Republic of Liberia	100%	100%

The Consolidated Financial Statements of WOQOD for the year ended 31 December 2019 were authorised for issuance in accordance with a resolution of the Board of Directors on 29 January 2020.

2. BASIS OF PREPARATION

a) Statement of accounting

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

This is the first set of the Group's annual financial statements in which IFRS 16 "Leases" has been applied. The related changes to significant accounting policies are described in Note 4.

b) Basis of measurement

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

c) 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.

d) 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.

2. BASIS OF PREPARATION (CONTINUED)

d) Use of judgements and estimates (continued)

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 31 - 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 2019 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 10 - impairment test of goodwill: key assumptions underlying recoverable amounts,
ii) Note 5 (ii)- measurement of Expected Credit Loss (ECL) allowance for trade receivables and bank balances: key assumptions in determining the weighted-average loss rate.
iii) Note 6 (iii)- determining the fair values of land on the basis of significant unobservable inputs.

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.

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

e) 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 2019:

- IFRS 16 *Leases*
- IFRIC 23 Uncertainty over Tax Treatments
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Annual Improvements to IFRSs 2015–2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)

The adoption of the above amended standards and improvements to standards had no significant impact on the Group's Consolidated Financial Statements except for IFRS 16.

Adoption not expected to impact the Group's Consolidated Financial Statements

Effective for year ending after 31 December 2019	- Amendments to References to Conceptual Framework in IFRS Standards - Definition of a Business (Amendments to IFRS 3) - Definition of Material (Amendments to IAS 1 and IAS 8)

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 control is transferred to the Group. 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.

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.

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 or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Other income (continued)

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 when the right as a shareholder 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.

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:

Buildings and infrastructure	10-20 years
Plant and equipment	10-20 years
Vehicles, office equipment and furniture	5-10 years
Vessels	25-30 years

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

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Investment property (continued)

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 20 years and is recognised in profit or loss.

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.

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 theGroup in the management of its short-term commitments.

i) 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;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Financial instruments (continued)

ii) Classification and subsequent measurement (continued)

Financial assets – Business model assessment (continued)

- 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.

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.

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. 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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Financial instruments (continued)

iii) Derecognition (continued)

Financial assets (continued)
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.

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.

j) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Impairment (continued)

i) Non-derivative financial assets (continued)

Financial instruments (continued)

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.

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.

k) 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.

l) 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.

m) Foreign currency

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Foreign currency (continued)

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.

n) 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.

u) Provision

A provision is recognized when:
- the Group has a present obligation (legal or constructive) as a resnlt 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.

p) 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.

q) Leases

The Group has applied IFRS 16 using the simplified transition approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019

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. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered, on or after 1 January 2019.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Leases (continued)

i) As a lessee (continued)

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 in 'property, plant and equipment' and finance lease liability in the statement of financial position.

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.

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'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Leases (continued)

ii) As a lessor (continued)

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

i) As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognized in profit or loss over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

ii) As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group initially applied IFRS 16 Leases from 1 January 2019.

The Group applied IFRS 16 using the simplified transition approach, and the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 "Determining whether an Arrangement contains a Lease". The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 3 (p).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (continued)

b) As a lessee

As a lessee, the Group leases many assets including property, vehicles and IT equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

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 based on its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under IAS 17

Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to all the leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognize right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognize right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Leases classified as finance leases under IAS 17

The Group leases a number of vehicles. These leases were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

c) As a lessor

The Group leases out its investment property, including own property and right-of-use assets.

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease.

The Group sub-leases some of its properties. Under IAS 17, the head lease and sub-lease contracts were classified as operating leases. On transition to IFRS 16, the right-of-use assets recognized from the head leases are presented in investment property and measured at fair value at that date. The Group assessed the classification of the sub-lease contracts with reference to the right-of-use asset rather than the underlying asset and concluded that they are operating leases under IFRS 16.

The Group has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

d) Impact on financial statements

Impact on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarized below.

Line item impacted in the financial statements *(Amount in thousands of QR)*	**1 January 2019**
Right-of-use assets presented in property, plant and equipment	69,140
Lease liabilities	66,289

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Impact on financial statements (continued)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is the addition of risk-free rate and market risk premium.

Line item impacted in the financial statements *(Amount in thousands of QR)*	**1 January 2019**
Operating lease commitment at 31 December 2018	95,789
Discounted using the incremental borrowing rate at 1 January 2019	(9,589)
Recognition exemption for leases with less than 12 months of lease term at Transition	(19,911)
Lease liabilities recognised at 1 January 2019	**66,289**

5. 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**	
	2019	2018
Trade receivables	1,484,936	2,517,504
Due from a related parties	322,201	433,896
Bank balances	3,013,734	3,566,422
	4,820,871	6,517,822

Trade and other receivables and due from related parties
The Group has 4,691 (2018: 5,233) customers with its largest 5 customers accounting for 51% (2018: 81.7%) 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.

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.

5. 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-

	2019		2018	
(Amount in thousands of QR)	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Current	1,019,448	6,963	361,699	10,427
1-30 days	177,024	1,673	263,086	10,691
31 to 60 days	78,490	2,312	56,252	10,168
61 to 90 days	64,365	2,270	30,436	9,953
91 to 180 days	89,456	5,162	45,335	14,962
More than 181-365	169,120	94,586	69,907	52,449
	1,597,903	**112,966**	826,715	108,650

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:

		Contractual cash flows			
2019	**Carrying Amounts**	**Total**	**Less than**	**2 – 5**	**More than 5**
(Amount in thousands of QR)			**1 year**	**Years**	**Years**
Finance lease liabilities	125,668	(125,668)	(20,278)	(62,392)	(42,998)
Due to related parties	2,884,274	(2,884,274)	(2,803,531)	(80,743)	-
Trade and other payables	829,602	(829,602)	(829,602)	-	-
	3,839,544	**(3,839,544)**	**(3,653,411)**	**(143,135)**	**(42,998)**

2018	Carrying	Total	Less than	2 – 5	More than 5
(Amount in thousands of QR)	Amounts		1 year	Years	Years
Finance lease liabilities	31,766	(31,766)	(6,325)	(25,441)	-
Due to related parties	4,629,358	(4,629,358)	(4,396,582)	(232,776)	-
Trade and other payables	743,488	(743,488)	(743,488)	-	-
	5,404,612	(5,404,612)	(5,146,395)	(258,217)	-

5. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED) (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 155 million (2018: QR 147 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.

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

6. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings & infrastructure	Plant and equipment	Vehicles, office equipment and furniture	Vessels	Projects in progress	Total
Cost							
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)
At 31 December 2019	548,400	1,835,673	781,374	825,224	324,901	446,947	4,762,519
Accumulated depreciation							
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)
At 31 December 2019	-	423,401	492,434	629,699	135,612	-	1,681,146
Carrying value							
At 31 December 2019	**548,400**	**1,412,272**	**288,940**	**195,525**	**189,289**	**446,947**	**3,081,373**
Cost							
At 1 January 2018	25,850	1,243,441	601,282	735,283	319,231	124,852	3,049,939
Additions	-	37,084	25,389	54,892	1,407	496,460	615,232
Revaluation	531,793	-	-	-	-	-	531,793
Transfers from projects in progress	-	351,187	75,107	22,603	-	(448,897)	-
Disposals / transfers	-	(31,212)	(6,429)	28,044	1,999	-	(7,598)
At 31 December 2018	557,643	1,600,500	695,349	840,822	322,637	172,415	4,189,366
Accumulated depreciation							
At 1 January 2018	-	291,112	393,832	542,964	114,594	-	1,342,502
Depreciation charge	-	68,475	48,193	63,080	10,669	-	190,417
Disposals / transfers	-	(23,394)	(2,440)	20,786	332	-	(4,716)
At 31 December 2018	-	336,193	439,585	626,830	125,595	-	1,528,203
Carrying value							
At 31 December 2018	557,643	1,264,307	255,764	213,992	197,042	172,415	2,661,163

i) The Group has received Government aid in the form of non-monetary assets (67 plots of land located in State of Qatar) for the purpose of constructing and operating petrol stations.

Out of the sixty-seven (67) plots of land received, the title deeds for seven (7) plots have been transferred to the Group and was accounted for using revaluation model. As a result, the Group recognized a revaluation surplus of QR 531.8 million in December 2018. A right to use has been granted by the Ministry of Municipality and Urban Planning for sixty (60) plots of land.

The Group has 8 (2018: 8) vessels that operate mainly in supplying bunkers, marine fuel and bitumen.

All the vessels are owned by Woqod Marine Services Company W.L.L

ii) Depreciation allocated to cost of sales amounted to QR 188 million (2018: QR 169 million) and general and administrative expenses in amount to QR 21 million (2018: QR 21 million).

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

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

iii) The fair value of the Group's land as at 31 December 2019 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
Cost			
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)
	70,701	**76,801**	**147,502**
Accumulated Depreciation			
Transfer from property, plant & equipment	-	2,859	2,859
Charge for the period	6,834	13,691	20,525
Disposals	-	(40)	(40)
	6,834	**16,510**	**23,344**
Carrying value			
At 31 December 2019	**63,867**	**60,291**	**124,158**

8. INVESTMENT PROPERTIES

	2019	2018
Cost		
Balance at 1 January	1,025,610	996,160
Additions	12,134	29,450
Transfer from property, plant and equipment	2,869	-
Balance at 31 December	1,040,613	1,025,610
Accumulated depreciation		
Balance at 1 January	(119,384)	(87,039)
Depreciation charge for the year	(34,079)	(32,345)
Transfer from property, plant and equipment	(878)	-
Balance at 31 December	(154,341)	(119,384)
Carrying Value		
Balance at 31 December	**886,272**	906,226

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 valne 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 2019 was QR 1,512 million (2018: QR 1,302 million).

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

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

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:

	2019	2018
Investment at FVOCI	1,553,936	1,469,011
Investment at amortised cost	-	16,004
Investments current account	16,980	27,153
Long term deposits	1,450,766	1,428,764
	3,021,682	2,940,932

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

	2019	2018
Balance at 1 January	1,485,015	1,630,919
Acquired during the year	1,092,990	957,955
Disposals	(1,106,265)	(1,384,177)
Net movement in fair value reserve	82,196	280,318
Balance at 31 December	1,553,936	1,485,015

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
2019	1,553,936	1,553,936	-	-
2018	1,469,011	1,469,011	-	-

During the year ended 31 December 2019 and 2018, 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.

10. GOODWILL

	2019	2018
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
	132,935	132,935

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:

	Qatar Jet Fuel Co. W.L.L		Woqod Vehicle Inspection Co. W.L.L	
	2019	2018	2019	2018
Revenue growth	7.5%	10%	10%	10%
Expenses growth	3%	3%	3%	3%
Discount rate	5%	5%	5%	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.

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

11. INVENTORIES

	2019	2018
Fuel inventory	216,792	234,326
Materials and spare parts	146,193	120,993
Retail stores inventory	31,708	41,477
Other inventory items	44,395	32,979
	439,088	429,775
Provisions slow moving items	(12,523)	(7,325)
	426,565	422,450

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

	2019	2018
Balance at 1 January	7,325	1,346
Provided during the year	5,198	5,979
Balance at 31 December	12,523	7,325

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:

		2019	2018
Qatar Petroleum	Sales	163,832	107,806
	Purchases	20,100,209	20,483,548
Qatar Gas	Sales	1,435,795	881,235
	Services	-	286
North Oil Company	Sales	172,699	150,868
Rasgas	Sales	9	64,118
Gulf Drilling International	Sales	25,257	27,170
Amwaj Catering Services	Sales	26,528	25,649
	Services	27,002	21,852
Oryx Gtl	Sales	10,758	11,232
Qatar Steel Company	Sales	11,745	10,899
Nakilat Agency Co.	Sales	33,664	9,382
	Services	-	2,568
Qatex Limited	Sales	9,806	8,743
Qatar Aluminium	Sales	8,324	8,071
Dolphin Energy Limited.	Sales	8,516	7,271
Qatar Petroleum Development	Sales	4,401	4,954
Qatar Chemical Company Ltd	Sales	3,339	3,073
Qatar Fuel Additives Company	Sales	2,064	2,343
Qatar Galvanizers	Sales	1,276	1,333
Others	Sales	17,303	2,780

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.

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

12. RELATED PARTY TRANSACTIONS (CONTINUED)

b) Balances due from related parties:

	2019	2018
Qatar Petroleum	130,423	322,397
Qatar Gas Operation Co. Ltd.	155,008	57,454
Rasgas	1,198	23,133
North Oil Company	21,735	8,722
Nakilat Agency Co.	956	5,273
Gulf Drilling International	3,883	5,172
Qatar Fuel Additives Company	539	2,783
Gulf Helicopters	1,021	2,461
Dolphin Energy Limited.	1,174	1,617
Qatar Petrochemical Company	75	1,002
Qatar Aluminium	667	748
Amwaj Catering Services	1,739	742
Qatar Gas Transport Co. Limited	642	608
Qatar Petroleum Development	900	525
Qatar Steel Company	762	510
Qatar Chemical Company Ltd	195	387
Qatar Fertiliser Company	314	98
Qatar Galvanizers	59	92
Qatar Gas Operating Company	-	45
Qatar Vinaly Co. Ltd.	14	41
Oryx Gtl	104	40
Gasal	49	35
Seef Ltd.	13	6
Al Shaheen Well Services Co.	-	5
Qatex Limited	731	-
	322,201	433,896

c) Balances due to related parties:

	2019	2018
Qatar Petroleum	2,871,590	4,629,327
Amwaj Catering Services	12,684	-
Qatex Limited	-	31
	2,884,274	4,629,358

	2019	2018
Non-current portion	80,743	232,776
Current portion	2,803,531	4,396,582
	2,884,274	4,629,358

d) Compensation to key management personnel

	2019	2018
Salaries of executive management	11,781	8,640
Board's remuneration (i)	11,820	9,870
Secondment Allowance	7,798	8,210
Other committee allowances	435	455
	31,834	27,175

(i) Board of Directors' remuneration for the year is subject to approval at the ordinary general assembly meeting of the Company to be held on 18 March 2020.

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

13. TRADE RECEIVABLES

		2019	2018
a)	Trade receivables	1,597,902	2,626,154
	Less: impairment of receivables	(112,966)	(108,650)
		1,484,936	2,517,504

The aging for trade receivables is as follows:

	2019	2018
Current	1,019,448	1,997,634
1-30 days	177,024	228,266
31 to 60 days	78,490	79,716
61 to 90 days	64,365	49,458
91 to 180 days	89,456	79,977
181-365 days	163,671	80,154
More than 365	5,448	110,949
	1,597,902	2,626,154

b) Movement in the impairment of receivables:

	2019	2018
At 1 January	108,650	30,806
IFRS 9 adjustment	-	43,683
Provided during the year	7,166	34,252
Write off	(2,850)	(91)
At 31 December	**112,966**	108,650

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

	2019	2018
Staff advances and loans	25,757	29,044
Advances, deposits and prepaid expenses	57,998	34,075
Receivable from Ministries	64,986	64,986
Other receivables	10,615	65,146
	159,356	193,251

15. CASH AND BANK BALANCES

	2019	2018
Cash	325	62
Balances with banks		
- Current and call accounts	178,274	471,851
- Fixed deposits	2,434,570	2,692,481
Cash and cash equivalents	**2,613,169**	3,164,394
Fixed deposits having maturity more than 3 months	400,565	402,028
Cash and bank balances	**3,013,734**	3,566,422

16. SHARE CAPITAL

	2019	2018
Authorized: 1,000,000,000 ordinary shares of QR 1 each (2018: 100,000,000 shares of QR 1 each)	**1,000,000**	1,000,000
Issued and fully paid up share capital: 994,255,760 ordinary shares of QR 1 each (2018: 99,425,576 shares of QR 10 each)	**994,256**	994,256

During the year, the Company has split the existing shares of QR 10 each to QR 1 each. Refer to Note 27.

(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:

	2019	2018
At 1 January	(7,485)	(128,075)
IFRS 9 adjustment	-	(165,031)
Net change in fair value	80,640	285,621
At 31 December	**73,155**	(7,485)

19. FINANCE LEASE LIABILITIES

Finance lease liabilities are payable as follows.

	Future minimum lease payments		**Interest**		**Present value of minimum lease payments**	
	2019	2018	**2019**	2018	**2019**	2018
Less than one year	26,017	7,769	5,866	1,444	20,278	6,325
Between one and five years	76,285	27,840	13,892	2,399	62,392	25,441
More than 5 years	57,774	-	14,774	-	42,998	-
	160,076	**35,609**	**34,532**	**3,843**	**125,668**	**31,766**

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

	2019	2018
Balance at 1 January	91,545	130,532
Provided / (reversal) during the year	43,460	(13,470)
Paid during the year	(45,759)	(25,518)
Balance at 31 December	**89,246**	91,544

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 loug-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

	2019	2018
Trade payables (suppliers and contractors payable)	147,442	90,685
Retentions payable	42,150	49,381
Accruals, provisions and other payables	640,010	603,422
	829,602	743,488

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

23. REVENUES

	2019	2018
Sale of fuel products	21,095,441	21,842,845
Sale of non-fuel products	1,122,572	1,035,992
Revenue from services	228,245	276,048
	22,446,258	23,154,885

24. COST OF SALES

	2019	2018
Cost of goods sold	21,071,204	21,830,797
Depreciation	209,656	169,768
	21,280,860	22,000,565

25. OTHER INCOME

	2019	2018
Dividend income	85,478	82,612
Rental income	146,893	134,249
Miscellaneous income	25,186	97,391
	257,557	314,252

26. GENERAL AND ADMINISTRATIVE EXPENSES

	2019	2018
Staff cost and related benefits	157,416	158,654
Depreciation	54,931	52,994
Office expenses	31,935	24,067
Other expenses	32,905	38,375
Impairment / reversals of provisions	10,629	85,046
Interest Expense	22,572	690
Selling and marketing expenses	23,345	11,751
	333,733	371,577

27. 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:

	2019	2018
Profit for the year attributable to the Owners of the Company	**1,216,382**	1,160,112
Weighted average number of shares outstanding during the year	994,256	994,256
Basic and diluted earnings per share (in QR)	**1.22**	1.17

As per the instructions of Qatar Financial Market Authority (QFMA), the Extraordinary General Assembly on 25 March 2019 approved 10 new shares with a par value of QR 1 in exchange of 1 existing shares of QR 10 each. This led to an increase in the number of authorized and outstanding shares from 99,425,576 to 994,255,760. Consequently, weighted average number of shares outstanding has been retrospectively adjusted.

28. DIVIDENDS

The shareholders approved a cash dividend of QR 8 per share (QR 0.8 per share post-split), amounting to QR 795.4 million for the year ended 31 December 2018 at the Annual General Assembly meeting held on 25 March 2019 (2017: cash dividend of QR 8 per share (QR 0.8 per share post-split) amounting to QR 795.4 million).

The Board of Directors has proposed cash dividends of QR 0.8 per share, amounting to a total of QR 795.4 million for the year ended 31 December 2019. The proposed dividend will be submitted for approval at the Annual General Assembly meeting.

29. 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.

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

30. COMMITMENTS AND CONTINGENCIES

Capital commitments

	2019	2018
Capital commitments	53,705	216,097

Contingent liabilities

	2019	2018
Bank guarantees	103,552	99,587
Letters of credit	1,357	2,348

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.

31. 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

2019 – Leases under IFRS 16	
Interest on lease liabilities	4,513
Income from sub-leasing right-of-use assets presented in 'Other income'	-
Expenses relating to short-term leases	28,265
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	-
2018 – Operating leases under IAS 17	
Lease expense	38,969
Sub-lease income presented in 'Other income'	-

ii) Amounts recognised in statement of cash flows

	2019
Total cash outflow for leases	18,145

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.

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.

2019- Operating lease commitments – Group as a lessor	
Less than one year	194,490
One to two years	153,936
Two to three years	156,994
Three to four years	150,713
Four to five years	139,591
More than five years	48,416
Total	**844,140**
2018 – Operating leases under IAS 17	
Less than one year	120,009
Between one and five years	205,145
Total	325,154

32. 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.