**Qatar Charity Organization**
**(Charitable Organization)**

**Financial statements**

**31 December 2018**

**Qatar Charity Organization**
**(Charitable Organization)**

**Financial statements**
**For the year ended 31 December 2018**

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## INDEPENDENT AUDITORS' REPORT

To chairman and members of the board of directors
Qatar Charity Organization
Doha - Qatar

### Report on the audit of the financial statements

*Opinion*
We have audited the accompanying financial statements of Qatar Charity Organization (the "Charity"), which comprise the statement of financial position as at 31 December 2018, the statements of activities and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Charity as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with the accounting policies and procedures adopted by the management.

*Basis for opinion*
We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity 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 Charity's financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Basis of Accounting and Restrictions on Use and Distribution*
We would like to draw the attention to note No. 2 on the financial statements, which describes the basis of accounting. These financial statements are prepared according to the accounting procedures and policies adopted by the Charity as a result, the accompanying financial statements may not be suitable for another purpose. Our report on the accompanying financial statements is intended solely for assisting the Charity's management and should not be used for any other purpose. Our opinion is not modified in respect of this matter.

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**INDEPENDENT AUDITORS' REPORT (CONTINUED) – Qatar Charity Organization**

*Responsibilities of Board of Directors*

The Charity's Board of director is responsible for the preparation and fair presentation of the financial statements in accordance with significant accounting policies and procedures adopted by the management, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Charity'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 management either intends to liquidate the Charity or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Charity Board of directors.

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**INDEPENDENT AUDITORS' REPORT (CONTINUED) – Qatar Charity Organization**

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

- Conclude on the appropriateness of the Charity 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 Charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Charity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Charity 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.

**Report on other regulatory requirements**

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Charity has maintained proper accounting records and its financial statements are in agreement therewith. We are not aware of any violations of the terms of the Articles of Association which might have had a material adverse effect on the Charity's financial position or performance as at and for the year ended 31 December 2018.

26 March 2019
Doha
State of Qatar

Yacoub Hobeika
KPMG
Auditors' Registration No. 289

**Qatar Charity Organization**
**(Charitable Organization)**

**Statement of financial position**
**As at 31 December 2018**

In Qatari Riyals

| | Note | 2018 | 2017 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and bank balances | 4 | **650,522,129** | 749,429,568 |
| Receivables and other debit balances | 5 | **21,568,734** | 9,808,690 |
| Notes receivable | | **758,500** | 1,971,690 |
| Due from related parties | 32 | **127,133** | 127,233 |
| Balances with external offices | 6 | **447,355,136** | 338,591,767 |
| **Total current assets** | | **1,120,331,632** | 1,099,928,948 |
| **Non-current assets** | | | |
| Property, plant and equipment | 7 | **87,361,853** | 85,511,390 |
| Investments property | 8 | **535,420,346** | 576,351,952 |
| Granted investments property | 9 | **7,883,623** | 45,279,269 |
| Waqf investments property | 10 | **39,414,173** | - |
| Investment in a subsidiary | 11 | **200,000** | 200,000 |
| Available for sale investments | 12 | **72,333,575** | 63,454,909 |
| **Total non-current assets** | | **742,613,570** | 770,797,520 |
| **Total assets** | | **1,862,945,202** | 1,870,726,468 |
| **Liabilities and net assets** | | | |
| **Current liabilities** | | | |
| Obligations under capital lease – current portion | 13 | **15,635,804** | 14,790,996 |
| Payables and other credit balances | 14 | **334,830,823** | 391,100,560 |
| Amounts due to Islamic banks – current portion | 16 | **1,769,793** | 1,778,317 |
| Notes payable | | **3,204,485** | 2,094,692 |
| **Total current liabilities** | | **355,440,905** | 409,764,565 |
| **Non-current liabilities** | | | |
| Employees end of service benefits | 15 | **14,916,972** | 12,524,403 |
| Amounts due to Islamic banks – non-current portion | 16 | **16,969,869** | 18,650,277 |
| Obligations under capital lease – non-current portion | 13 | **32,511,278** | 48,147,082 |
| **Total non-current liabilities** | | **64,398,119** | 79,321,762 |
| **Net assets** | | | |
| Net restricted assets | 16 | **1,343,660,643** | 1,253,025,462 |
| Net unrestricted assets | 16 | **3,378,323** | 2,780,994 |
| Reserve of unrealized gains from investments property | 8 | **88,457,786** | 127,115,201 |
| Reserve of unrealized gains / (losses) from available for sale investments | 11 | **7,609,426** | (1,281,516) |
| **Total net assets** | | **1,443,106,178** | 1,381,640,141 |
| **Total liabilities and net assets** | | **1,862,945,202** | 1,870,726,468 |

These Financial Statements were approved by the Board of Directors and signed on their behalf by the following on 26 March 2019:

| | | |
|---|---|---|
| **Abdulmonem Youssef**<br>**Deputy Finance Manager** | **Meteb Saeed Al Marri**<br>**Executive Director of Financial Services** | **Youssef bin Ahmed Al Kawari**<br>**Chief Executive Officer** |

The accompanying notes from 1 to 34 form an integral part of these financial statements.

**Qatar Charity Organization**
**(Charitable Organization)**

**Statement of activities**
**For the year ended 31 December 2018**

In Qatari Riyals

| *For 2018* | Note | Restricted | Unrestricted | Reserve of unrealized gains from investments property | Reserve of unrealized losses from available for sale investments | Total |
|---|---|---|---|---|---|---|
| **Donations and Income** | | | | | | |
| Donations of activities and projects | 18 | 1,378,218,734 | 80,288,012 | - | - | 1,458,506,746 |
| Investments Income | 19 | 31,490,198 | 3,076,500 | - | - | 34,566,698 |
| Investments Income donations | 20 | 514,495 | - | - | - | 514,495 |
| Investments Income waqf | 21 | 1,590,084 | - | - | - | 1,590,084 |
| Other income | | - | 17,294,056 | - | - | 17,294,056 |
| Deducted for administrative expenses | 22 | - | 68,434,308 | - | - | 68,434,308 |
| **Total donations and income** | | **1,411,813,511** | **169,092,876** | **-** | **-** | **1,580,906,387** |
| | | | | | | |
| Administrative expenses | 23 | - | (65,077,698) | - | - | (65,077,698) |
| Operating expenses of activities and projects | 24 | (1,285,983,080) | (94,526,891) | - | - | (1,380,509,971) |
| Investments expenses | 25 | (5,973,637) | (72,413) | - | - | (6,046,050) |
| Investments expenses donations | 26 | (178,287) | - | - | - | (178,287) |
| Investments expenses waqf | 27 | (2,734,992) | - | - | - | (2,734,992) |
| Other expenses | 28 | (26,308,334) | (8,818,545) | - | - | (35,126,879) |
| **Total expenses** | | **(1,321,178,330)** | **(168,495,547)** | **-** | **-** | **(1,489,673,877)** |
| **Surplus of activities movement during the year** | | **90,635,181** | **597,329** | **-** | **-** | **91,232,510** |
| **Assets balance at the beginning of the period** | | **1,253,025,462** | **2,780,994** | **-** | **-** | **1,255,806,456** |
| **Assets balance at the end of the period** | | **1,343,660,643** | **3,378,323** | **-** | **-** | **1,347,038,966** |
| | | | | | | |
| Reserve of unrealized gains from investments property | | | | | | |
| Balance at the beginning of the period | | - | - | 127,115,201 | - | 127,115,201 |
| Movement during the year | 8 | - | - | (38,657,415) | - | (38,657,415) |
| Balance at the end of the period | | - | - | 88,457,786 | - | 88,457,786 |
| | | | | | | |
| Reserve of unrealized losses from available for sale investments | | | | | | |
| Balance at the beginning of the period | | - | - | - | (1,281,516) | (1,281,516) |
| Movement during the year | 12 | - | - | - | 8,890,942 | 8,890,942 |
| **Balance at the end of the period** | | **-** | **-** | **-** | **7,609,426** | **7,609,426** |

The accompanying notes from 1 to 34 form an integral part of these financial statements.

**Qatar Charity Organization**
**(Charitable Organization)**

**Statement of activities (continued)**
**For the year ended 31 December 2018**

In Qatari Riyals

| *For 2017* | Note | Restricted | Unrestricted | Reserve of unrealized gains from investments property | Reserve of unrealized losses from available for sale investments | Total |
|---|---|---|---|---|---|---|
| Donations and Income | | | | | | |
| Donations of activities and projects | 18 | 1,055,726,575 | 61,222,112 | - | - | 1,116,948,687 |
| Investments Income | 19 | 36,025,844 | 5,140,171 | - | - | 41,166,015 |
| Investments Income donations | 20 | 844,984 | - | | | 844,984 |
| Investments Income waqf | 21 | 389,385 | - | | | 389,385 |
| Other income | | - | 7,772,950 | - | - | 7,772,950 |
| Deducted for administrative expenses | 22 | - | 52,242,402 | - | - | 52,242,402 |
| total donations and income | | 1,092,986,788 | 126,377,635 | - | - | 1,219,364,423 |
| | | | | | | |
| Administrative expenses | 23 | - | (50,844,935) | - | - | (50,844,935) |
| Operating expenses of activities and projects | 24 | (720,014,350) | (81,256,311) | - | - | (801,270,661) |
| Investments expenses | 25 | (6,484,426) | (1,753,615) | - | - | (8,238,041) |
| Investments expenses donations | 26 | (212,042) | - | | | (212,042) |
| Investments expenses waqf | 27 | (540,553) | - | | | (540,553) |
| Other expenses | 28 | (47,029,907) | (6,266,214) | - | - | (53,296,121) |
| Total expenses | | (774,281,278) | (140,121,075) | - | - | (914,402,353) |
| Surplus of activities movement during the year | | 318,705,510 | (13,743,440) | - | - | 304,962,070 |
| Assets balance at the beginning of the period | | 934,319,952 | 16,524,434 | - | - | 950,844,386 |
| Assets balance at the end of the period | | 1,253,025,462 | 2,780,994 | - | - | 1,255,806,456 |
| | | | | | | |
| Reserve of unrealized gains from investments property | | | | | | |
| Balance at the beginning of the period | | - | - | 217,358,069 | - | 217,358,069 |
| Movement during the year | 8 | - | - | (90,242,868) | - | (90,242,868) |
| Balance at the end of the period | | - | - | 127,115,201 | - | 127,115,201 |
| | | | | | | |
| Reserve of unrealized losses from available for sale investments | | | | | | |
| Balance at the beginning of the period | | - | - | - | (17,877,116) | (17,877,116) |
| Movement during the year | 12 | - | - | - | (14,561,019) | (14,561,019) |
| Impairment loss on available for sale investment | 12 | - | - | - | 31,156,619 | 31,156,619 |
| Balance at the end of the period | | - | - | - | (1,281,516) | (1,281,516) |

The accompanying notes from 1 to 34 form an integral part of these financial statements.

**Qatar Charity Organization**
**(Charitable Organization)**

**Statement of cash flows**
**For the year ended 31 December 2018**

In Qatari Riyals

| | Note | 2018 | 2017 |
|---|---|---|---|
| **Operating activities** | | | |
| Restricted activities surplus | | 90,635,181 | 318,705,510 |
| Unrestricted activities surplus | | 597,329 | (13,743,440) |
| ***Adjustments:*** | | | |
| Depreciation of property , plant and equipment | 7 | 7,151,775 | 6,476,393 |
| Depreciation of granted investments property | 9 | 142,040 | 207,620 |
| Depreciation of waqf investments property | | 1,448,447 | |
| End of service benefits | 15 | 2,704,843 | 2,583,742 |
| (Reversal) / provision of receivables and other doubtful receivables | 5 | (200,000) | 504,869 |
| Receivables and other doubtful receivables written off | 5 | (973,489) | - |
| Impairment loss of available for sale investments | 12 | (4,896,274) | 39,801,560 |
| Losses on disposals of granted investments property | 12 | - | (5,520,000) |
| | | 96,609,852 | 349,016,254 |
| Changes in operating assets and liabilities: | | | |
| Receivables and other debit balances (1) | 5 | (10,586,555) | 8,650,631 |
| Notes receivable | | 1,213,190 | 3,817,980 |
| Due from related parties | | 100 | (33,670) |
| Balances with external offices(2) | 6 | (108,763,369) | (246,307,566) |
| Payables and other credit balances | | (56,269,737) | 178,989,897 |
| Notes payable | | 1,109,793 | (487,589) |
| Cash generated from operating activities | | (76,686,726) | 293,645,937 |
| End of service benefits paid | | (312,274) | (746,996) |
| **Net cash (used in) / from operating activities** | | **(76,999,000)** | 292,898,941 |
| **Investing activities** | | | |
| Additions to available for sale investments | 12 | (8,564,857) | - |
| Proceed from sale of available for sale investments | 12 | 13,461,131 | 10,800,000 |
| Change in cash balance with an investment company | 12 | 12,276 | - |
| Purchasing of investments property(3) (4) | 8 | (1,532,397) | (22,036,571) |
| Purchasing of property, plant and equipment | 7 | (9,002,238) | (7,354,084) |
| Proceed from sale of waqf investment property | | 197,574 | - |
| **Net cash used in investing activities** | | **(5,428,511)** | (18,590,655) |
| **Financing activities** | | | |
| Net change in amounts due to Islamic banks(6) | 16 | (1,688,932) | (1,892,554) |
| Payments of obligations under capital lease contracts | | (14,790,996) | (14,161,252) |
| **Net cash used in financing activities** | | **(16,479,928)** | (16,053,806) |
| **Net change in cash and cash equivalents** | | (98,907,439) | 258,254,480 |
| Cash and cash equivalents at 1 January | | 749,429,568 | 491,175,088 |
| **Cash and cash equivalents at 31 December** | | **650,522,129** | 749,429,568 |
| **Non-cash transactions** | | | |
| (1) transfer of trade receivables to available for sale investment | 5 | - | 16,045,749 |
| (2) transfer from external offices to Property Plant and Equipment | 6 | - | 3,046,264 |
| (3) transfer from investment property at fair value to waqf investment property | 8 | (3,806,588) | - |
| (4) decrease in Fair value of investments property | 8 | (38,657,415) | (90,242,868) |
| (5) Available for sale revaluation losses | 12 | (8,890,942) | (31,156,619) |
| (6) Granted investment properties purchased by Islamic loans | 9 | - | 11,910,254 |
| (7) transfer from granted investment property to waqf investment property | | (37,253,606) | - |

The accompanying notes from 1 to 34 form an integral part of these financial statements.

## 1. Reporting entity

Qatar Charity Organization (the "Charity") is a charity organization registered at the Regulatory Authority for Charitable Activities. It was established in 1992 under Ministerial Decree No. 5 of 1992. The Charity is under the supervision and control of the Authority for Charitable Activities under Emiri Decree No. 43 of 2014 on the Regulatory Authority for Charitable Activities. Law No. 15 of 2014 on regulating charitable activities and its implementing decisions.

The Charity's headquarter is domiciled in Doha – State of Qatar. The Charity has the following branches:

Branch

1. Palestine
2. Tunisia
3. Sudan
4. Yemen
5. Somalia
6. Pakistan
7. Indonesia
8. Bangladesh
9. Burkina Faso
10. Albania
11. Comoros
12. Mauritania
13. Niger
14. Bosnia
15. Turkey
16. Mali
17. Kosovo
18. Djibouti
19. Kyrgyzstan
20. Kenya
21. Sri Lanka
22. Ghana
23. Nepal

The accompanying financial statements comprise of assets, liabilities and results of business of above branches and the net assets and liabilities of the branches has been included among balances with external offices Note (6).

The Charity aims to support and encourage charitable and developmental and humanitarian work, enhance charitable work and strengthen the values of citizenship and human rights in the community, provide financial, in-kind and moral assistance to the needy, provide humanitarian, social, health, cultural and educational services to all communities and establish charitable projects of all kinds.

## 2. Summary of significant accounting policies

### Basis of accounting

The accompanying financial statements have been prepared in accordance with the significant accounting procedures and policies adopted by the Charity and is prepared for special purposes to support the Charity in the presentation of the financial statements in accordance with the mentioned procedures and accounting policies. Since the Charity adopts accounting measures of charitable societies, therefore, the accompanying financial statements are not prepared in accordance with International Financial Reporting Standards, as they do not necessarily show all the assets and liabilities of the Charity as at 31 December 2018.

Details of the accounting policies of the Charity are stated in below notes.

### Basis of measurement

These financial statements have been prepared under the historical cost convention except for available for sale financial investments and investments properties, which are measured at fair value.

## 2. Summary of significant accounting policies (continued)

### Functional and presentation currency

These financial statements are presented in Qatari Riyal, which is the Charity's functional currency. All amounts have been rounded to nearest Qatari Riyal, unless otherwise indicated.

### Use of estimates and judgements

In preparing these separate financial statements, management has made judgments, estimates and assumptions that affect the application of the 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 recognized prospectively.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 27.

The Charity has applied the significant accounting policies consistently on all periods presented in these financial statements:

### a) Expenses

Net unrestricted assets include all direct and indirect operating expenses of operating the Charity.
The Charity recognizes expenses as follows: -

- Expenses of activities are recognized when paid.
- Expenses transferred to offices and representative offices outside Qatar are recognized upon the actual payment of the amounts abroad and not upon transfer from the headquarters in Qatar.
- Kafala that should be paid are accrued for at the end of financial year until obtaining the necessary approvals from the concerned authorities and until the bank transfer is made.
- In the case of payments for projects outside Qatar. expenses are recognized based on the actual payment and the Charity does not retain any amounts for contractors as a guarantee until finalisation and technical inspection and completion of the project.

### b) Revenues

The Charity registers donations received as unrestricted assets or restricted assets based on the presence or absence of restrictions by the donor and the nature of these restrictions. The services donated to the Charity are recognized at fair value as unrestricted donations only if fair value cannot be reliably measured.

The Charity recognizes donations (receipts) of activities, projects and investments as follows:

- Cash donations and annual government support are recognized upon receipt.
- Non-cash donations are recognized on a regular basis during the useful life of the asset.
- Contributions and deposits are recognized upon receipt of cash.
- Leases are recognized on an accrual basis.
- Revenues from the sale of investments and property, plant and equipment are recognized upon the transfer of ownership to the purchaser.

## 2. Summary of significant accounting policies (continued)

### c) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Charity 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 based on exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the statement of activities.

### d) Property, plant and equipment

***Recognition and measurement***

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of activities.

***Subsequent expenditure***

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenses will flow to the Charity.

***Depreciation***

Depreciation of items of property, plant and equipment is calculated less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in the statement of activities.Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Charity will obtain ownership by the end of the lease term. No depreciation is calculated on lands.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

| | |
|---|---|
| Buildings and improvements | 5-20% |
| Plant, equipment and furniture | 20% |
| Computers and software | 33,33% |
| Motor vehicles | 20% |

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

## 2. Summary of significant accounting policies (continued)

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

Capital work in progress

Capital work in progress comprises all direct and indirect expenses related to projects in progress, which are capitalized as property, plant and equipment upon completion of these projects.

### e) Investments property

Land and buildings are classified as investments property only when the purpose of retention is to earn rentals or for capital appreciation or both purposes.

Investments property are initially measured at cost, including transaction costs and loan costs that are directly related to the construction of the asset. The carrying amount includes the cost of replacing any part of the of an existing investments property at the date of incurring the cost provided that the recognition criteria are considered and costs of investments property day-to-day services are disposed. After initial recognition, investments property are carried at fair value, which reflects market conditions at the date of the financial statements. Gains or losses arising from changes in fair values of investments property are included in the statement of activities for the year in which they arise.

Investments property are derecognized when disposed or permanently withdrawn from use and no future economic benefit is expected from disposal. Any profits or losses arising from the withdrawal or disposal of any investments property are recognized in the statement of activities in the year they are withdrawn or disposed.

Property under construction is treated in accordance with International Accounting Standard 40 and carried at cost less impairment losses until its fair value can be reliably determined or until the construction is completed (whichever is earlier). Meanwhile, it is reclassified as investment property and the adjusted fair value is recognized in the statement of activities.

Transfers are made to or from investments property only when there is a change in use of the property. A transfer from investments property to owner-occupied property, the cost used for subsequent accounting is the fair value at the date of changing the usage. If an owner-occupied property becomes investments property, it is recognized as the difference between the carrying amount and the fair value at the date of transfer as a re-evaluation reserve in net assets, and is transferred to the statement of activities upon disposal of the property.

### f) Granted investments property

Investments property is property held either to earn rentals or for capital appreciation or both, but not for sale in ordinary course of business, use in production in the production or supply of goods or services or for administrative purpose. Investments property is stated at cost less accumulated depreciation and impairment losses, if any, Investments property, other than land, are depreciated on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Buildings | 5-20 years |

Cost includes expenditure that is directly attributable to the acquisition of the investments property, The cost of self-constructed investments property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investments property to a working condition for their intended use and capitalised borrowing costs.

The constructed properties to be used in future as investment property it is accounted for as investment property, Properties are accounted for as investment property when the management has clear plans to get benefit from it through rent once the construction is completed.

## 2. Summary of significant accounting policies (continued)

### g) Financial instruments

The Charity classifies non-derivative financial assets in the following categories: cash and bank balances , receivables and other debit balances, notes receivables, due from a related party and available for sale investments.

The Charity classifies non-derivative financial liabilities in other payable balances and notes payable.

### (i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Charity initially recognizes amounts that are receivables and other debit balances on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Charity derecognizes a financial asset when the contractual rights to the cash flows from the 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 it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Charity is recognised as a separate asset or liability.

The Charity derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

### Non-derivative financial assets – measurement

*Cash and balances at bank, trade and other receivables, Note receivables and due from a related party*

Initially recognised at fair value plus any directly attributable transaction cost, After initial recognition, they are measured at amortised cost using the effective interest rate method.

*Available-for-sale financial assets*

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in statement of other activities and accumulated in the fair value reserve, When these assets are derecognised, the accumulated gain or loss is reclassified to the statement of activities.

## 2. Summary of significant accounting policies (continued)

### g) Financial instruments (continued)

**Non-derivative financial liabilities – measurement**

A financial liability is classified as at fair value through the statement of activities if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in the statement of activities as incurred. Financial liabilities at fair value through the statement of activities are measured at fair value and changes therein, including any interest expense, are recognised in the statement of activities.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

### h) Impairment

**Non-derivative financial assets**

Financial assets not classified as at fair value through the statement of activities, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Charity on terms that the Charity would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Charity considers a decline of 20% to be significant and a period of nine months to be prolonged.

*Financial assets measured at amortised cost*

The Charity considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Charity uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of activities and reflected in an allowance account. When the Charity considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the statement of activities.

## 2. Summary of significant accounting policies (continued)

### h) Impairment (continued)

#### Non-derivative financial assets (continued)

*Available-for-sale financial assets*

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to the statement of activities. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in the statement of activities. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through the statement of activities. Impairment losses recognised in the statement of activities for an investment in an equity instrument classified as available-for-sale are not reversed through the statement of activities.

#### Non-financial assets

At each reporting date, the Charity reviews the carrying amounts of its non-financial assets (other than investment property and inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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 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 amortisation, if no impairment loss had been recognised.

### i) Net assets

*Net unrestricted assets*

These are part of the non-profit entity's assets, which are not subject to restrictions from the donor; therefor they fall under the full control of the entity's management. Unrestricted assets might be current assets, investments and financial assets, tangible or intangible assets.

*Net of restricted assets*

Is part of the assets of established non-profit organization, and are subject to restrictions from the part of the donor, and those restrictions may be linked with using the assets for specific purposes (restrictions of use) or the time of this use (restrictions on time) or restrictions associated with both use and time. Restricted assets may be current assets, investments and financial assets, tangible or intangible assets.

## 2. Summary of significant accounting policies (continued)

### j) Provision

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.

### k) Leases

At inception or on reassessment of an arrangement that contains a lease, the Charity separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values, If the Charity concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Charity's incremental borrowing rate.

Lease contract is classified as a capital lease contract if it resulted in substantial transfer of all the benefits and risks of ownership of the asset to the lessee and other leases are classified as operating leases.

Sales and leaseback are capitalized at the present value of the minimum lease payments at the inception of the lease. Lease payments are fragmented between financing expenses and the decrease in lease commitments in order to reach fixed return rate on the remaining balance of the commitment. Finance charges are held directly against the income.

Any increase in the selling price over the carrying value is postponed and is recognized according to the straight-line method on the term of the lease.

#### Leased assets

Leases of property, plant and equipment are classified as financing leases when all substantial risks and rewards of ownership resulted from financing leases are transferred to the Charity. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Charity's statement of financial position.

#### Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

## 2. Summary of significant accounting policies (continued)

### l) Income tax

The Charity is exempted from income tax under the laws of the State of Qatar. Accordingly, income taxe provision was not recognized in the financial statements.

### m) Employees' benefits

*Contribution to Pension Fund*

The Charity provides for contributions to the state-run pension fund for Qatari employees in accordance with the Retirement and Pension Law No. 24 of 2002, and the resulting expense is incorporated within the cost of staff under general and administrative expenses in the statement of activities. The Charity does not have any other payment commitments once it pays the contribution. Contributions are recognized when due.

*End of service benefits*

The Charity provides for employees' end of service benefits based on employees' last salary and period of employment subject to the completion of the minimum service period in accordance with the Qatar Labour Law and Qatari Human Resources Law No. 15 for the year 2016 and falls due upon resignation or termination. The expected costs of these benefits fall due during the employee's service period.

### n) Cost of borrowings

Borrowing costs that are directly attributable to acquisition, construction or production of assets that necessarily take long time to be ready for its intended use or sale, are capitalized as part of the asset costs. All other borrowing costs are paid at the period in which they are incurred. Borrowing costs comprise of interests and other costs incurred by the Charity on obtaining loans.

## 3. Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

The board of directors has overall responsibility for the establishment and oversight of the Charity's risk management framework and internal audit activities. The Board of Directors is in the process of forming committees for risk management and internal audit that will be responsible for developing and monitoring risk management policies and internal audit activities of the Charity. The committees will submit periodic reports to the board on their activities.

The Charity's risk management policies have been developed to identify and analyse the risks faced by the Charity and to set appropriate restrictions and controls for risk and to follow up risks and comply with restrictions. Risk management policies are reviewed periodically to reflect changes in market conditions and the Charity's activities. The Charity aims through training and management standards and procedures to maintain a disciplined and constructive controlled environment that make all employees recognize their roles and duties.

The audit committee oversees how the management follow up compliance with the Charity's risk management policies and procedures, and reviews to what extent the risk management framework is adequate in relation to the risks faced by the Charity. The audit committee is assisted in its supervisory role by the internal audit. The internal audit is responsible for each of the periodic reviews that are designated for risk management controls and procedures, which report their results to the audit committee.

### Credit risk

Credit risk is the risk that the Charity incurs losses when an individual or a counterparty to a financial instrument fails to meet its contractual obligations, It mainly arises from the Charity's receivables from customers and investments in debt instruments.

The carrying amount of financial assets represents the maximum exposure to credit risk.

*Receivables and other debit balances and due from related parties*

The Charity's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management takes into account factors that may affect the credit risk of its customer base, including the risk of default in the industry and the country in which the customer operates.

The risk management committee developed a credit policy upon which debit balances are classified into receivables and other debit balances, due from a related party and outside offices balances as factors affecting impairment of these balances being reviewed.

The Charity makes an impairment provision representing its estimation of incurred losses in respect of trade and other receivables and related parties.

## 3. Financial risk management (continued)

### Credit risk ( continued)

Cash and cash equivalents

Cash and cash equivalents are maintained with banks and counterparties from financial institutions as well as high creditworthy banks that enjoy good reputation in Qatar and the GCC.

Additional information on the Charity's exposure to credit risk are provided in Note 24.

### Liquidity risk

Liquidity risk is the risk that the Charity will face difficulty in meeting its financial obligations that are settled by the delivery of a cash or other financial asset. The Charity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Charity's reputation.

Additional information on the Charity's exposure to liquidity risk are provided in Note 24.

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Charity'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 optimizing the return. The risk management department monitors the changes in shares prices to minimize the market risk taking into account that the Charity policy is to receive dividends from investments at these shares and investment committee chooses shares for large financial corporations to guarantee continuity of receiving dividends on it's investment on these corporations away from changes in share prices.

Additional information on the Charity's exposure to liquidity risk are provided in Note 24.

### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates.
The Charity is exposed to currency risk in transactions with related parties (external offices) in other currencies other than the functional currency. The Charity exposure to other currency risks is at its lowest levels.
For other monetary cash assets and liabilities denominated in foreign currencies. the Charity always ensure that the net exposure to these risks are at an acceptable level. The risk department periodically evaluate fluctuations in currency prices and tries as possible to deal with currencies that are pigged againist Qatari Riyal.

Additional information on the Charity's exposure to liquidity risk are provided in Note 24.

### Interest rate risk

The Charity adopts a policy that guarantees that most of its exposure to interest rate risk is at fixed price.

## 4. Cash and bank balances

Include cash and equivalent investment with high liquidity that can be liquated in three months or less.

| | **2018** | 2017 |
|---|---|---|
| Current accounts at banks | 340,495,888 | 539,415,603 |
| Deposits at banks* | 310,000,000 | 210,000,000 |
| Cash at financial institutions | 26,241 | 13,965 |
| | **650,522,129** | 749,429,568 |

* The term of short-term deposits ranges within three months according to the need to financial liquidity and the average return on these deposits is 4,5 % during 2018 (2017: 3,6% ).

## 5. Receivables and other debit balances

| | **2018** | 2017 |
|---|---|---|
| Investment receivables | | - |
| Prepaid expenses | 5,472,565 | 6,752,286 |
| Staff advances | 4,696,343 | 3,419,883 |
| Accrued income* | 8,795,069 | 2,855,983 |
| Accrued rent | 1,257,907 | 1,619,438 |
| Refundable deposit | 3,189,883 | 2,855,524 |
| Miscellaneous advances | 923,129 | 588,158 |
| Other debit balances | 6,811,513 | 2,468,582 |
| | 31,146,409 | 20,559,854 |
| Provision for due leases and other doubtful receivable balances | (9,577,675) | (10,751,164) |
| | **21,568,734** | 9,808,690 |

Movement of the provision during the year was as follows:

| | **2018** | 2017 |
|---|---|---|
| Balance as at 1 January | **10,751,164** | 10,246,295 |
| Provided during the year (Note 23) | **-** | 504,869 |
| Reversal during the year | **(200,000)** | |
| Written off | **(973,489)** | |
| Balance as at 31 December | **9,577,675** | 10,751,164 |

* Accrued income represent amounts collected from telecommunication companies in Doha against donations via SMS and other methods used by the Charity from these companies.

## 6. Balances at external offices

Balances at external offices include bank balances and assets and liabilities at external offices that are related to the Charity which are used in establishing projects in countries of each office and due orphan sponsorship that are payable to those who deserve in countries of the offices.

The following table shows details of these balances according to each country:-

| | 2018 | 2017 |
|---|---|---|
| Turkey | 144,006,414 | 122,705,155 |
| Indonesia | 31,088,293 | 34,002,534 |
| Niger | 16,312,116 | 30,598,607 |
| Bangladesh | 25,988,216 | 22,972,501 |
| Sudan | 27,243,450 | 20,680,050 |
| Bosnia | 5,856,140 | 18,192,483 |
| Pakistan | 18,890,393 | 17,608,639 |
| Somalia | 30,344,062 | 13,686,937 |
| Burkina Faso | 13,207,185 | 10,737,688 |
| Mali | 10,581,424 | 10,261,789 |
| Yemen | 41,337,282 | 8,902,555 |
| Palestine | 13,172,898 | 7,344,131 |
| Mauritania | 6,894,195 | 4,941,977 |
| Tunisia | 4,695,812 | 4,666,831 |
| Kosovo | 3,155,859 | 3,955,157 |
| Ghana | 15,310,376 | 3,936,331 |
| Kenya | 10,242,536 | 2,265,568 |
| Albania | 4,492,776 | 1,150,237 |
| Djibouti | 473,759 | 439,372 |
| Comoros | 4,372,222 | 309,565 |
| Nepal | 2,957,898 | 98,078 |
| Kyrgyzstan | 10,583,424 | 23,203 |
| Sri Lanka | 7,055,859 | 19,832 |
| Total* | **448,262,589** | 339,499,220 |
| Provision for doubtful balances at external offices | **(907,453)** | (907,453) |
| | **447,355,136** | 338,591,767 |

Balances of external offices allocated as following by nature:

| | 2018 | 2017 |
|---|---|---|
| Balances at banks | 448,262,589 | 319,694,028 |
| Assets and other liabilities | - | 19,805,192 |
| | 448,262,589 | 339,499,220 |

In Qatari Riyals

## 7. Property, plant and equipment

| | Land | Buildings and improvements* | Plant, equipment and furniture | Computers and Software | Motor vehicles | Capital work in progress** | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At 1 January 2018 | 60,888,718 | 22,067,434 | 25,987,440 | 13,462,775 | 6,943,878 | 1,229,982 | 130,580,227 |
| Additions | - | 449,586 | 1,865,428 | 2,845,395 | 2,184,479 | 1,657,350 | 9,002,238 |
| Transfer to property, plant and equipment | - | - | 385,154 | - | - | (385,154) | - |
| **At 31 December 2018** | 60,888,718 | 22,517,020 | 28,238,022 | 16,308,170 | 9,128,357 | 2,502,178 | 139,582,465 |
| **Accumulated Depreciation** | | | | | | | |
| At 1 January 2018 | - | 10,140,392 | 19,540,712 | 11,201,504 | 4,186,229 | - | 45,068,837 |
| Depreciation for the year | - | 1,444,123 | 2,586,992 | 1,671,558 | 1,449,102 | - | 7,151,775 |
| **At 31 December 2018** | - | 11,584,515 | 22,127,704 | 12,873,062 | 5,635,331 | - | 52,220,612 |
| **Net carrying amounts** | | | | | | | |
| 31 December 2018 | 60,888,718 | 10,932,505 | 6,110,318 | 3,435,108 | 3,493,026 | 2,502,178 | 87,361,853 |
| 31 December 2017 | 60,888,718 | 11,927,042 | 6,446,728 | 2,261,271 | 2,757,649 | 1,229,982 | 85,511,390 |

* During 1993, the Charity rented a piece of land from the Ministry of Municipality and Urban Planning (8500 $m^2$) in the industrial area for 30 years with an amount of QR 4,250 annually provided that construction work should be finalized within 12 months. The Charity has built the warehouse and the construction has been completed within the specified period. The full cost of construction was included under buildings and improvements with a carrying value of QR 1,420,308.

In Qatari Riyals

## 7. Property, plant and equipment (continued)

| | Land | Buildings and improvements* | Plant, equipment and furniture | Computers and Software | Motor vehicles | Capital work in progress** | Total |
|---|---|---|---|---|---|---|---|
| Cost | | | | | | | |
| At 1 January 2017 | 60,888,718 | 13,777,378 | 22,222,413 | 11,656,651 | 4,011,043 | 7,707,721 | 120,263,924 |
| property, plant and equipment Transferred from external offices** | - | 913,550 | 258,857 | 108,293 | 1,765,564 | - | 3,046,264 |
| Additions | - | 191,690 | 3,143,265 | 1,697,831 | 1,251,316 | 1,069,982 | 7,354,084 |
| Disposals | - | - | - | - | (84,045) | - | (84,045) |
| Transfer to property, plant and equipment | - | 7,184,816 | 362,905 | - | - | (7,547,721) | - |
| At 31 December 2017 | 60,888,718 | 22,067,434 | 25,987,440 | 13,462,775 | 6,943,878 | 1,229,982 | 130,580,227 |
| Accumulated Depreciation | | | | | | | |
| At 1 January 2017 | - | 9,380,379 | 16,583,790 | 9,667,354 | 3,044,966 | - | 38,676,489 |
| Depreciation for the year | - | 760,013 | 2,956,922 | 1,534,150 | 1,225,308 | - | 6,476,393 |
| Disposals | - | - | - | - | (84,045) | - | (84,045) |
| At 31 December 2017 | - | 10,140,392 | 19,540,712 | 11,201,504 | 4,186,229 | - | 45,068,837 |
| Net carrying amount | | | | | | | |
| 31 December 2017 | 60,888,718 | 11,927,042 | 6,446,728 | 2,261,271 | 2,757,649 | 1,229,982 | 85,511,390 |
| 31 December 2016 | 60,888,718 | 4,396,999 | 5,638,623 | 1,989,297 | 966,077 | 7,707,721 | 81,587,435 |

* During 1993, the Charity rented a piece of land from the Ministry of Municipality and Urban Planning (8500 $m^2$) in the industrial area for 30 years with an amount of QR 4,250 annually provided that construction work should be finalized within 12 months. The Charity has built the warehouse and the construction has been completed within the specified period. The full cost of construction was included under buildings and improvements with a carrying value of QR 1,420,308.

** During the year the Charity has transferred the balance of property, plant and equipment which was included in balances of external offices during 2016. The balances was separated and presented under property, plant and equipment category so that the financial statements is in accordance with presented relatively to nature of such assets.

## 8. Investments property

| *2018* | Investment property | Work in progress | Total |
|---|---|---|---|
| Balance as at 1 January | 574,949,397 | 1,402,555 | 576,351,952 |
| Additions | 301,897 | 1,230,500 | 1,532,397 |
| Transfer from work in progress | 46,500 | (46,500) | - |
| Transfer to waqf investment property | (3,806,588) | - | (3,806,588) |
| Decrease in fair value of investments property during the year | (36,072,841) | - | (36,072,841) |
| Fair value adjustment | (2,584,574) | - | (2,584,574) |
| **Balance as at 31 December** | **532,833,791** | **2,586,555** | **535,420,346** |

| *2017* | Investment property | Work in progress | Total |
|---|---|---|---|
| Balance as at 1 January | 642,576,461 | 1,981,788 | 644,558,249 |
| Additions | 21,914,016 | 122,555 | 22,036,571 |
| Transfer from work in progress | 701,788 | (701,788) | - |
| Decrease in fair value of investments property during the year | (90,242,868) | - | (90,242,868) |
| Balance as at 31 December | 574,949,397 | 1,402,555 | 576,351,952 |

The movement of unrealised gains from investments property during the year is as follows:

| | **2018** | 2017 |
|---|---|---|
| Balance as at 1 January | 127,115,201 | 217,358,069 |
| Decrease in fair value of investments property during the year | (36,072,841) | (90,242,868) |
| Fair value adjustment | (2,584,574) | - |
| **Balance as at 31 December** | **88,457,786** | 127,115,201 |

Investments property includes a property owned by a local Islamic bank against a contract of sale and leaseback, where the ownership of the land on which the property was built is in the name of the local bank. The fair value of the property at the date of the financial statements amounts 243,000,000 QR (2017:QR 275,071,800) Note (13).

## 9. Granted investments property

| | **2018** | 2017 |
|---|---|---|
| Granted investments property at 1 January | 45,279,269 | 33,576,635 |
| Additions* | - | 11,910,254 |
| Transferred to waqf investment property | (37,253,606) | - |
| Buildings depreciation | (142,040) | (207,620) |
| **Balance as at 31 December** | **7,883,623** | 45,279,269 |

The fair value of granted investments property at the date of the preparation of the financial statements amounted to QR 10,782,990 (2017: QR 62,278,748).

### 10. Waqf investments property

| | 2018 | 2017 |
|---|---|---|
| Waqf investments property at 1 January | - | - |
| Transfer from investments property | 3,806,588 | - |
| Transferred from granted investment property | 37,253,606 | - |
| Disposals | (197,574) | - |
| Buildings depreciation | (1,448,447) | - |
| **Balance as at 31 December** | **39,414,173** | - |

The fair value of waqf investments property at the date of the preparation of the financial statements amounted to QR 53,847,803 (2017: QR Nill).

### 11. Investment in a subsidiary

| | 2018 | 2017 |
|---|---|---|
| Balance as at 1 January | 1,532,776 | 1,532,776 |
| impairment provision of investment in subsidiary | (1,332,776) | (1,332,776) |
| **Balance as at 31 December** | **200,000** | 200,000 |

| Company Name | State of Incorporation | Shareholding percentage 2018 | Shareholding percentage 2017 | 2018 | 2017 |
|---|---|---|---|---|---|
| New Resources Group for Real Estate Investment | Qatar | **100%** | 100% | **200,000** | 200,000 |
| | | | | **200,000** | 200,000 |

The company has invested 100% in the shares of New Resources Group for Real Estate Investment S.P.C. Since there is no commercial license issued for the company and it did not make any activity during the year, there are no financial statements for the investee at the date of the financial statements.

### 12. Available for sale investments

| | 2018 | 2017 |
|---|---|---|
| Balance as at 1 January | 82,713,898 | 86,509,168 |
| Additions during the year | 8,564,857 | - |
| Transferred from trade and other receivables | - | 16,045,749 |
| Disposal of investments during the year | (13,461,131) | (5,280,000) |
| Impairment losses of re-evaluation of investments* | 13,787,216 | (14,561,019) |
| Cash balance movement at investment company | (12,276) | - |
| | **91,592,564** | 82,713,898 |
| Impairment provision of available for sale investments** | (19,258,989) | (19,258,989) |
| **Balance as at 31 December** | **72,333,575** | 63,454,909 |

## 12. Available for sale investments (Continued)

* Movement in reserve of re-evaluation of investments during the year was:

| | 2018 | 2017 |
|---|---|---|
| Balance as at 1 January | 1,281,516 | 17,877,116 |
| provided during the year | (13,787,216) | 14,561,019 |
| Impairment loss on available for sale investment | 4,896,274 | (31,156,619) |
| **Balance as at 31 December** | **(7,609,426)** | 1,281,516 |

(1) The amount transferred from trade and other receivables represents investment in developing fishing resources in Comoros and impairment provision was provided for the total value of investment during the year according to study performed by the charity during 2017.

** Movement in impairment of investments during the year was:

| | 2018 | 2017 |
|---|---|---|
| Balance as at 1 January | (19,258,989) | 10,614,048 |
| Provision provided during the year | - | 16,045,749 |
| Reversal impairment loss in available for sale investment | - | (7,400,808) |
| **Balance as at 31 December** | **(19,258,989)** | (19,258,989) |

## 13. Obligations under capital lease arrangement and deferred gains on sale and leaseback transactions

- During 2013, the Charity sold a property to a local bank at an amount of QR 303 million through sale and leaseback agreements, which include the re-purchase option at the end of the lease term. The bank undertook to transfer ownership of the property at the end of the contract term to the Charity free of charge. The Charity paid an advance payment amounts to QR 187 million at the beginning of the contract. The future lease payments related to the leaseback transaction amounting to QR 136,590,561 and includes finance expense amounting to QR 20,590,561.

Total deferred gains from sale and leaseback transactions:

| | 2018 | 2017 |
|---|---|---|
| Total capital lease contract | 303,000,000 | 303,000,000 |
| Net carrying amount of sold assets | (303,000,000) | (303,000,000) |
| | - | - |

Total remaining future payments under capital lease contract:

| | 2018 | 2017 |
|---|---|---|
| Total future payments under capital lease contract | 51,866,652 | 68,355,880 |
| Less: deferred expenses | (3,719,570) | (5,417,802) |
| Current value of future payments under capital lease contract | 48,147,082 | 62,938,078 |
| | | |
| Obligations under capital lease contract – current portion | 15,635,804 | 14,790,996 |
| Obligations under capital lease contract – non-current portion | 32,511,278 | 48,147,082 |
| | 48,147,082 | 62,938,078 |

## 14. Payables and other credit balances

| | **2018** | 2017 |
|---|---|---|
| Payable from charitable organizations* | 56,877,857 | 209,520,068 |
| Accrued expenses ** | 273,369,113 | 177,626,416 |
| Deferred revenue | 846,000 | 833,500 |
| Insurances received from others | 523,050 | 302,050 |
| Other payables | 3,214,803 | 2,818,526 |
| | **334,830,823** | 391,100,560 |

*During 2017, some of the received donations by other charitable organizations has been transferred to the charity account so that The Charity can use these donations for its normal activity. The Charity has recorded the donations as payable from charitable organizations in the financial statements of the charity.

** Accrued expenses represent amounts payable at the date of the financial statements and these amounts are pending approval of the concerned authorities to enable the Charity to transfer the funds to its beneficiaries. Most of which are payments for certain projects and orphan support abroad.

## 15. Employees' end of service benefits

| | **2018** | 2017 |
|---|---|---|
| Balance at 1 January | 12,524,403 | 10,687,657 |
| Provision for the year | 2,704,843 | 2,583,742 |
| Paid during the year | (312,274) | (746,996) |
| Balance at 31 December | **14,916,972** | 12,524,403 |

No Significant impact on calculation of the employees' end of service benefit tin respect to New Human Resources Qatari's Law No.15 for the year 2016.

## 16. Amounts due to Islamic banks

During 2015 the Charity obtained Islamic financing (Musawama) amounting to QR 10,410,894 from the International Islamic Bank that includes financing profits of QR 2,330,894. The Charity paid the net amount of funding amounting to QR 8,080,000 as advance-payment in Istisnaa contract amounting to QR 20,805,148 to build a property. The rest of the contract value amounting to QR 12,725,148 will be paid in one instalments on 4 October 2017. The profit rate on the Islamic financing (Musawama) is approximately 3.75% and is repayable in monthly instalments starting from 22 September 2017 and it ends on 22 August 2027.

During 2017 the Charity had agreement with Qatar international Islamic bank to settle the second payment of Istisnaa contract which is mentioned above by obtaining a finance lease agreement with a granting promise amounting of 12,725,148 Qatar Riyal, the profit percentage of Islamic finance agreement ( Ijarah) is 3.75% and the monthly premiums will be paid starting of 4 November 2017 and it will be ended in 4 November 2027.

| | **2018** | 2017 |
|---|---|---|
| Current portion | 1,769,793 | 1,778,317 |
| Non-current portion | 16,969,869 | 18,650,277 |
| | **18,739,662** | 20,428,594 |

## 17. Net assets

### a) Net unrestricted assets

Net unrestricted assets is the net result of activity carried forward from previous years, which is not restricted from donors and beneficiaries.

### b) Net of restricted assets

Net restricted assets represent temporarily unused donations that have been received from donors for specific purposes or activities by donors and cannot be used in the operating activities of the Charity.

## 18. Donations of activities and projects

| | **2018** | 2017 |
|---|---|---|
| Social Welfare Projects | 460,085,193 | 248,435,292 |
| Education and Culture Projects | 28,044,992 | 56,426,334 |
| Economic Empowerment Projects | 17,894,031 | 20,731,374 |
| Construction projects and social housing | 241,893,468 | 195,570,209 |
| Water and sanitation projects | 101,894,905 | 77,757,412 |
| Health and Nutrition Projects | 67,240,991 | 24,212,257 |
| Food Security Projects | 69,883,318 | 43,217,684 |
| Humanitarian projects and relief | 303,042,576 | 306,475,446 |
| Charity and Zakat | 100,634,970 | 91,553,047 |
| Operating expenses (Note 22) | 67,892,302 | 52,569,632 |
| | **1,458,506,746** | 1,116,948,687 |

## 19. Investments income

| | **2018** | | 2017 | |
|---|---|---|---|---|
| | **Restricted** | **Unrestricted** | Restricted | Unrestricted |
| Investments property revenues – rents | 29,207,994 | 3,076,500 | 28,770,270 | 5,140,171 |
| Stocks revenues | 2,282,204 | - | 7,255,574 | - |
| | **31,490,198** | **3,076,500** | 36,025,844 | 5,140,171 |

## 20. Investments income donations

| | **2018** | 2017 |
|---|---|---|
| Rental income of Al Khor property | 62,062 | 64,159 |
| Rental income of Muaither property | 169,731 | 219,088 |
| Rental income of Al Rayyan property | 80,223 | 81,682 |
| Rental income of foreign properties | 60,439 | 338,015 |
| Other | 142,040 | 142,040 |
| | **514,495** | 844,984 |

## 21. Investments income waqf

| | 2018 | 2017 |
|---|---|---|
| Rental income of Abu Sidra property | 300,769 | 389,385 |
| Rental income of Al Misnad property | 1,289,315 | - |
| | **1,590,084** | 389,385 |

## 22. Deducted for administrative and operating expenses

A percentage ranging from zero - 12.50% is deducted from all receipts and revenue items, which will be divided as follows: 50% for administrative expenses and 30% of indirect operating expenses and 20% direct operating expenses.

| | 2018 | 2017 |
|---|---|---|
| Deducted for administrative expenses | **68,434,308** | 52,242,402 |
| Deducted for operating expenses (Note 17) | **67,892,302** | 52,569,632 |
| **Total deductions against expenses** | **136,326,610** | 104,812,034 |

## 23. Administrative Expenses

Analysis of administrative expenses is as follows:

| | 2018 | 2017 |
|---|---|---|
| Administrative expenses* | 57,925,923 | 44,368,542 |
| Depreciation(Note 7) | 7,151,775 | 6,476,393 |
| | **65,077,698** | 50,844,935 |

## 23. Administrative expenses (continued)

* Analysis of administrative expenses during the year based on the nature of expenses as follow:

| | **2018** | 2017 |
|---|---|---|
| Salaries and wages | 37,688,219 | 22,436,890 |
| Rents | 3,799,756 | 3,279,913 |
| Employees remunerations | 2,178,029 | 3,002,182 |
| Travel and missions | 732,690 | 2,775,515 |
| Post, phone and fax | 2,041,030 | 2,401,745 |
| End of service benefits | 1,092,621 | 2,053,759 |
| Temporary labour | 2,277,415 | 1,751,519 |
| Travel tickets | 245,074 | 1,211,728 |
| Stationery and publications | 1,588,315 | 929,828 |
| Maintenance | 779,599 | 855,248 |
| Cleaning | 387,720 | 715,898 |
| Hospitality | 1,358,331 | 705,458 |
| Fees | 159,934 | 369,282 |
| Professional and technical fees | 538,541 | 358,540 |
| Advertising | 363,454 | 310,102 |
| Social security | 162,386 | 295,822 |
| Translation | 199,215 | 278,873 |
| Training and development | 335,000 | 209,078 |
| Guard costs | 16,311 | 158,730 |
| Legal consultancy | 696,053 | 102,920 |
| Fuels | 127,044 | 73,625 |
| Insurance expenses | 69,834 | 46,611 |
| Health cards | 1,077,877 | 26,900 |
| Incidental expenses | 11,475 | 18,376 |
| | **57,925,923** | 44,368,542 |

## 24. Operating expenses of activity and projects

| | **2018** | 2017 |
|---|---|---|
| Social Welfare Projects | 465,780,544 | 286,104,551 |
| Construction projects and social housing | 251,262,459 | 144,942,866 |
| Humanitarian projects and relief | 278,427,497 | 118,943,529 |
| Water and sanitation projects | 85,009,452 | 49,829,678 |
| Education and Culture Projects | 61,803,555 | 43,855,314 |
| Food Security Projects | 70,290,245 | 39,803,256 |
| Economic Empowerment Projects | 22,058,746 | 17,356,969 |
| Health and Nutrition Projects | 51,095,257 | 16,371,312 |
| Social and Zakat | 6,760,556 | 7,911,756 |
| Deductions to meet operating expenses | 88,021,660 | 76,151,430 |
| | **1,380,509,971** | 801,270,661 |

* Analysis of operating expenses during the year based on the nature of expenses as follows:

| | **2018** | 2017 |
|---|---|---|
| Expenses of employee salaries, wages and benefits | 61,417,661 | 49,456,297 |
| Expenses of external offices | 26,603,999 | 26,695,133 |
| | **88,021,660** | 76,151,430 |

## 25. Investments expenses

| | **2018** | | 2017 | |
|---|---|---|---|---|
| | **Restricted** | **Unrestricted** | Restricted | Unrestricted |
| Investment property expenses – rents | **5,973,637** | **72,413** | 6,484,426 | 1,753,615 |

## 26. Investments expenses donations

| | **2018** | 2017 |
|---|---|---|
| Maintenance and management expenses of Al Khor property | 5,948 | 813 |
| Maintenance and management of Muaither property | 20,867 | 62,473 |
| Maintenance and management expenses of Al Rayyan property | 9,432 | 6,716 |
| Depreciation | 142,040 | 142,040 |
| | **178,287** | 212,042 |

## 27. Investments expenses waqf

| | **2018** | 2017 |
|---|---|---|
| Maintenance and management expenses of Al Khor property | 33,695 | 50,250 |
| Maintenance and management of Muaither property | 330,606 | 192,341 |
| Maintenance and management expenses of Al Rayyan property | 922,244 | 232,382 |
| Depreciation | 1,448,447 | 65,580 |
| | **2,734,992** | 540,553 |

## 28. Other expenses

| | 2018 | 2017 |
|---|---|---|
| Impairment loss of available for sale investment (Note 11)* | - | 39,801,560 |
| Foreign currency exchange loss | 26,308,334 | 7,278,849 |
| Bank commission of financial institutions | 8,818,545 | 5,710,843 |
| Allowances for doubtful debts (Note 5) | - | 504,869 |
| | **35,126,879** | 53,296,121 |

## 29. Financial risk management

### (a) Interest rate risk

The Charity is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. Management does not hedge its interest rate risk.

### (b) Credit risk

**Exposure to credit risk**

The carrying amount of financial assets represents the maximum threshold of exposure to credit risk. The maximum exposure to credit risk was at the reporting date as follows:

| | 2018 | 2017 |
|---|---|---|
| Banks balances | 650,522,129 | 749,429,568 |
| Receivables and other balances* | 25,673,844 | 13,807,568 |
| | **676,195,973** | 763,237,136 |

*This balance represent receivables and other debit balances minus investment receivables and prepaid expense.

### (c) Liquidity risk

The following are the contractual maturities of financial liabilities:

| 31 December 2018 | Carrying amount | Contractual cash flows | 6 months or less | 6-12 months | 1-2 years |
|---|---|---|---|---|---|
| *Non-derivative financial liabilities* | | | | | |
| Other payables* | 61,461,710 | (61,461,710) | - | 61,461,710 | - |
| Notes payable | 3,204,485 | 3,204,485 | - | 3,204,485 | - |
| Amounts due to Islamic banks | 18,739,662 | (18,739,662) | - | 1,769,793 | 16,969,869 |
| Obligations under capital lease contract | 48,147,082 | (48,147,082) | - | 15,635,804 | 32,511,278 |
| | **131,552,939** | **(131,552,939)** | **-** | **82,071,792** | **49,481,147** |

## 29. Financial risk management (continued)

### (c) Liquidity risk (continued)

| 31 December 2017 | Carrying amount | Contractual cash flows | 6 months or less | 6-12 months | 1-2 years |
|---|---|---|---|---|---|
| *Non-derivative financial liabilities* | | | | | |
| Other payables* | 213,474,144 | (213,474,144) | - | 213,474,144 | - |
| Notes payable | 2,094,692 | (2,094,692) | - | 2,094,692 | - |
| Amounts due to Islamic banks | 20,428,594 | (20,428,594) | - | 1,778,317 | 18,650,277 |
| Obligations under capital lease contract | 62,938,078 | (62,938,078) | - | 14,790,996 | 48,147,082 |
| | 298,935,508 | (298,935,508) | - | 232,138,149 | 66,797,359 |

*This balance represent payables and other credit balances except accrued expenses.

### (d) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Charity's functional currency is Qatari Riyal and exchange rates are reviewed periodically by the Charity. Therefore, the management is of the opinion that the Charity's exposure to currency risk is minimal.

## 30. Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or an obligation settled between well-informed and willing parties in an arm's length transaction. Differences could arise between carrying amounts on historical basis and fair value estimations.

Basic definition of fair value is the assumption that there is a company operating on the going concern basis without intention in liquidation, substantially reduce the size of its operations or enter into any transactions in accordance with terms that are harmful to the Charity.

Except for available for sale investments the fair value of financial instruments does not differ materially from their carrying amount at the reporting date.

## 31. Accounting estimates and judgements

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

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

### (i) Impairment of receivables

An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. For significant accounts, this estimation is performed on an individual basis.

Accounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

## 31. Accounting estimates and judgements (continued)

### (ii) Impairment of available-for-sale investments

Available-for-sale investments are considered to be impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. In addition, the Charity evaluates other factors, including normal volatility in share or shares price.

## 32. Due from a related party

Due from related party represent receivables balance from New Resources Group for Real Estate Investment against return on investment and the movement during the year as following:

| | **Nature of transactions** | **2018** | 2017 |
|---|---|---|---|
| New Resources Group for Real Estate Investment | Finance | **127,133** | 127,233 |

## 33. Subsequent events

There were no material events after the balance sheet date, which have a bearing on the understanding of the financial statements.

## 34. Comparative figures

The comparative figures for the previous year have been reclassified, where necessary, in order to conform to the current year's presentation. Such reclassifications do not affect the previously reported net profits, net assets or equity.