Qatar Airways Group Q.C.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2020

Building a better working world

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF QATAR AIRWAYS GROUP Q.C.S.C.

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Qatar Airways Group Q.C.S.C. ("the Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial statements* section of our report. We are independent of the Company in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in 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.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management 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, management 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF QATAR AIRWAYS GROUP Q.C.S.C. (CONTINUED)

Report on the Audit of the Consolidated Financial Statements (continued)

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 management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

Report on Legal and Other Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Company, an inventory count has been conducted in accordance with established principles, and the consolidated financial statements comply with the Qatar Commercial Companies' Law No. 11 of 2015 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year, which might have had a material adverse effect on the Group's financial position or performance.

ERNST & YOUNG
Doha
مجاسبون قانونيون
الدوحة
إرنست ويونغ

Ziad Nader
of Ernst & Young
Auditor's Registration No. 258

Date: 24 September 2020
Doha

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2020

	Notes	*2020* *QR'000*	*2019* *QR'000* *(Restated)* *(Note 36)*
Revenue	3	**50,957,443**	47,927,109
Other operating income	4	**164,050**	136,387
Operating expenses	5	**(52,250,854)**	(52,154,328)
OPERATING LOSS		**(1,129,361)**	(4,090,832)
Other income	6	**2,349,115**	2,284,787
(Loss)/gain on disposal of property, plant and equipment		**(68,754)**	2,340,803
Share of loss from investment in joint ventures and an associate	13	**(1,387,058)**	(215,457)
General and administrative expenses	7	**(4,666,801)**	(3,916,610)
Finance costs	8	**(1,838,903)**	(489,257)
Loss on foreign currency exchange		**(190,181)**	(425,080)
Impairment loss on property, plant and equipment	10	**(25,462)**	(152,302)
LOSS BEFORE TAX		**(6,957,405)**	(4,663,948)
Income tax expense	9	**(50,347)**	(87,534)
LOSS FOR THE YEAR		**(7,007,752)**	(4,751,482)
Attributable to:			
Equity holders of the parent		**(7,008,713)**	(4,752,374)
Non-controlling interests		**961**	892
		(7,007,752)	(4,751,482)

The attached notes 1 to 36 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Note	***2020*** ***QR'000***	*2019* *QR'000* *(Restated)* *(Note 36)*
Loss for the year		**(7,007,752)**	(4,751,482)
Other comprehensive loss:			
Items to be reclassified to consolidated income statement in subsequent periods:			
Net loss on fair valuation of debt securities at FVOCI	21	**(331)**	(73)
Net movement on cash flow hedges	21	**(514,472)**	-
Exchange difference on translation of foreign operations		**(16,685)**	(31,637)
		(531,488)	(31,710)
Items not to be reclassified to consolidated income statement in subsequent periods			
Net loss on fair valuation of equity securities at FVOCI	21	**(11,917,753)**	(3,212,293)
Total other comprehensive loss for the year		**(12,449,241)**	(3,244,003)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(19,456,993)**	(7,995,485)
Attributable to:			
Equity holders of the parent		**(19,457,954)**	(7,996,377)
Non-controlling interests		**961**	892
		(19,456,993)	(7,995,485)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	Notes	***31 March 2020 QR'000***	*31 March 2019 QR'000 (Restated) (Note 36)*	*1 April 2018 QR'000 (Restated) (Note 36)*
ASSETS				
Non-current assets				
Property, plant and equipment	10	**70,001,580**	61,268,533	62,348,649
Right-of-use assets	11	**34,343,088**	-	-
Intangibles	12	**385,822**	381,845	386,276
Investment in joint ventures and an associate	13	**135,837**	331,774	284,826
Investment securities	14	**8,951,281**	18,541,805	19,603,713
Loan to an associate	31	**-**	139,787	129,038
Loan to an affiliate	31	**46,711**	-	-
Deferred tax asset		**4,334**	4,217	1,205
		113,868,653	80,667,961	82,753,707
Current assets				
Inventories	15	**1,538,280**	1,536,540	1,223,846
Accounts receivable and prepayments	16	**4,736,295**	5,377,309	5,025,251
Derivative financial instruments	32	**72,415**	-	-
Short-term deposits	17	**88,668**	575,993	837,560
Cash and bank balances	17	**7,178,097**	7,314,408	12,474,890
		13,613,755	14,804,250	19,561,547
TOTAL ASSETS		**127,482,408**	95,472,211	102,315,254
EQUITY AND LIABILITIES				
Equity				
Share capital	18	**45,528,276**	45,528,276	45,528,276
Capital reserve	19	**1,643,816**	1,643,816	1,643,816
Legal reserve	20	**17,330,381**	17,219,227	17,045,677
Fair value reserve	21	**(12,706,672)**	(274,116)	2,939,321
Furniture, fixtures and equipment reserve	22	**16,387**	13,205	11,346
Accumulated losses		**(23,304,964)**	(14,481,217)	(9,946,100)
Foreign currency translation reserve		**(70,057)**	(53,372)	(21,735)
Equity attributable to equity holder of the parent		**28,437,167**	49,595,819	57,200,601
Non-controlling interests		**2,209**	1,248	356
Total equity		**28,439,376**	49,597,067	57,200,957
Liabilities				
Non-current liabilities				
Employees' end of service benefits	24	**1,550,615**	1,376,673	1,207,457
Unredeemed frequent flyer liabilities	26	**467,839**	462,191	608,870
Derivative financial instruments	32	**87,660**	-	-
Deferred tax liability		**92,133**	92,849	94,721
Lease liabilities	11	**29,600,758**	-	-
Interest-bearing loans	23	**17,339,183**	18,337,648	9,924,955
Provision for maintenance	27	**9,251,428**	5,722,648	5,014,677
Retentions payables	25	**78,939**	32,466	6,108
		58,468,555	26,024,475	16,856,788

Continued…

The attached notes 1 to 36 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 March 2020

	Notes	***31 March 2020 QR'000***	*31 March 2019 QR'000 (Restated) (Note 36)*	*1 April 2018 QR'000 (Restated) (Note 36)*
Current liabilities				
Accounts payable and accruals	28	**7,466,537**	6,387,850	6,954,150
Provision for maintenance	27	**2,792,247**	2,208,242	1,373,562
Sales in advance of carriage		**5,833,369**	6,785,068	6,336,353
Derivative financial instruments	32	**951,679**	1,452,819	2,769,065
Lease liabilities	11	**4,869,081**	-	-
Interest-bearing loans	23	**17,964,634**	3,016,690	10,824,379
Bank overdraft	17	**696,930**	-	-
		40,574,477	19,850,669	28,257,509
Total liabilities		**99,043,032**	45,875,144	45,114,297
TOTAL EQUITY AND LIABILITIES		**127,482,408**	95,472,211	102,315,254

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H.E. Ali Shareef Al Emadi
Chairman

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H.E. Akbar Al Baker
Group Chief Executive

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	Notes	***2020*** ***QR'000***	*2019* *QR'000* *(Restated)*
OPERATING ACTIVITIES			
Loss before tax		**(6,957,405)**	(4,663,948)
Adjustments for:			
Depreciation on property, plant and equipment	10(a)	**4,597,629**	5,024,157
Amortization on right-of-use assets	11	**5,419,612**	-
Finance costs	8	**1,838,903**	489,257
Provision for employees' end of service benefits	24	**298,737**	277,042
Net impairment loss on financial assets	7 and 33	**148,313**	41,681
Provision for obsolete and slow-moving inventories	15	**42,583**	27,231
Reversal of provision for obsolete and slow-moving inventories	15	**(44,331)**	(127)
Impairment loss on property, plant and equipment	10	**25,462**	152,302
Share of loss from investment in joint ventures and an associate	13	**1,387,058**	215,457
Interest and dividend income	6	**(1,379,858)**	(901,171)
Loss / (Gain) on disposal of property, plant and equipment		**68,754**	(2,340,803)
Loss on disposal of FVOCI investments		**4,603**	-
Operating profit (loss) before working capital changes		**5,450,060**	(1,678,922)
Working capital changes:			
Accounts payable and accruals, sales in advance of carriage and provision for maintenance		**(242,080)**	271,662
Inventories		**8**	(339,798)
Accounts receivable and prepayments		**544,081**	(583,932)
Cash generated from / (used in) operations		**5,752,069**	(2,330,990)
Finance costs paid		**(1,512,892)**	(249,388)
Employees' end of service benefits paid	24	**(125,192)**	(107,494)
Interest and dividend received		**1,389,156**	903,101
Dividend received from investment in joint ventures		**51,583**	52,290
Net cash flows from / (used in) operating activities		**5,554,724**	(1,732,481)
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		**3,375,163**	10,539,118
Proceeds from disposal of investment securities		**178,720**	8,264
Movement in short-term deposits		**488,011**	263,886
Net movement in loan to an associate		**(285,969)**	(325,583)
Loan to an affiliate		**(53,571)**	-
Purchase of investment securities		**(2,508,374)**	(2,158,783)
Additions to property, plant and equipment	10	**(16,811,387)**	(12,359,907)
Net cash flows used in investing activities		**(15,617,407)**	(4,033,005)
FINANCING ACTIVITIES			
Proceeds from interest-bearing loans		**31,478,120**	3,291,916
Repayment of interest-bearing loans		**(17,528,641)**	(2,686,912)
Payment of principal portion of lease liabilities		**(4,720,037)**	-
Net cash flows from financing activities		**9,229,442**	605,004
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(833,241)**	(5,160,482)
Cash and cash equivalents at 1 April		**7,314,408**	12,474,890
CASH AND CASH EQUIVALENTS AT 31 MARCH	17	**6,481,167**	7,314,408

The attached notes 1 to 36 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Attributable to equity holder of the parent									
	Share capital QR'000	*Capital reserve QR'000*	*Legal reserve QR'000*	*Furniture, fixtures and equipment reserve QR'000*	*Fair value reserve QR'000*	*Accumulated losses QR'000*	*Foreign currency translation reserve QR'000*	*Total QR'000*	*Non-controlling interest QR'000*	*Total equity QR'000*
At 1 April 2019 (as restated)	45,528,276	1,643,816	17,219,227	13,205	(274,116)	(14,481,217)	(53,372)	49,595,819	1,248	49,597,067
Effect of adoption of IFRS 16: Leases (Note 2.3)	-	-	-	-	-	(1,700,698)	-	(1,700,698)	-	(1,700,698)
At 1 April 2019 (as restated)	45,528,276	1,643,816	17,219,227	13,205	(274,116)	(16,181,915)	(53,372)	47,895,121	1,248	47,896,369
Loss for the year	-	-	-	-	-	(7,008,713)	-	(7,008,713)	961	(7,007,752)
Other comprehensive loss	-	-	-	-	(12,432,556)	-	(16,685)	(12,449,241)	-	(12,449,241)
Total comprehensive loss for the year	-	-	-	-	(12,432,556)	(7,008,713)	(16,685)	(19,457,954)	961	(19,456,993)
Transfer to legal reserve (Note 20)	-	-	111,154	-	-	(111,154)	-	-	-	-
Transfer to furniture, fixtures and equipment reserve (Note 22)	-	-	-	3,768	-	(3,768)	-	-	-	-
Utilisation of furniture, fixtures and equipment reserve (Note 22)	-	-	-	(586)	-	586	-	-	-	-
At 31 March 2020	**45,528,276**	**1,643,816**	**17,330,381**	**16,387**	**(12,706,672)**	**(23,304,964)**	**(70,057)**	**28,437,167**	**2,209**	**28,439,376**

The attached notes 1 to 36 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 March 2020

	Attributable to equity holder of the parent									
	Share capital QR'000	*Capital reserve QR'000*	*Legal reserve QR'000*	*Furniture, fixtures and equipment reserve QR'000*	*Fair value reserve QR'000*	*Accumulated losses QR'000*	*Foreign currency translation reserve QR'000*	*Total QR'000*	*Non-controlling interest QR'000*	*Total equity QR'000*
At 1 April 2018 (as previously reported)	45,528,276	1,643,816	17,045,677	11,346	2,939,321	(2,027,333)	(21,735)	65,119,368	356	65,119,724
Effect of voluntary change in accounting policy (Note 36)	-	-	-	-	-	(7,918,767)	-	(7,918,767)	-	(7,918,767)
At 1 April 2018 (as restated)	45,528,276	1,643,816	17,045,677	11,346	2,939,321	(9,946,100)	(21,735)	57,200,601	356	57,200,957
Effect of adoption of IFRS 15: Revenue from contracts with customers	-	-	-	-	-	391,595	-	391,595	-	391,595
At 1 April 2018 (as a result of adopting IFRS 15)	45,528,276	1,643,816	17,045,677	11,346	2,939,321	(9,554,505)	(21,735)	57,592,196	356	57,592,552
Loss for the year as reported in the 31 March 2019 consolidated financial statements	-	-	-	-	-	(2,329,543)	-	(2,329,543)	892	(2,328,651)
Effect of voluntary change in accounting policy (Note 36)	-	-	-	-	-	(2,422,831)	-	(2,422,831)	-	(2,422,831)
Restated loss for the year						(4,752,374)		(4,752,374)	892	(4,751,482)
Other comprehensive loss	-	-	-	-	(3,212,366)	-	(31,637)	(3,244,003)	-	(3,244,003)
Restated total comprehensive loss for the year	-	-	-	-	(3,212,366)	(4,752,374)	(31,637)	(7,996,377)	892	(7,995,485)
Transfer to legal reserve (Note 20)	-	-	173,550	-	-	(173,550)	-	-	-	-
Disposal of investment securities (Note 21)	-	-	-	-	(1,071)	1,071	-	-	-	-
Transfer to furniture, fixtures and equipment reserve (Note 22)	-	-	-	3,660	-	(3,660)	-	-	-	-
Utilisation of furniture, fixtures and equipment reserve (Note 22)	-	-	-	(1,801)	-	1,801	-	-	-	-
At 31 March 2019 (as restated)	45,528,276	1,643,816	17,219,227	13,205	(274,116)	(14,481,217)	(53,372)	49,595,819	1,248	49,597,067

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Qatar Airways Group Q.C.S.C. (the "Company") is a Qatari Closed Shareholding Company registered in the State of Qatar. The Company was established on 30 November 1993 under Commercial Registration No. 16070 and commenced operations in January 1994. The Company's registered office is located at Qatar Airways Tower P.O. Box 22550, Doha, State of Qatar.

The consolidated financial statements as of and for the year ended 31 March 2020 comprise the financial statements of the Company and its subsidiaries (together referred as the "Group").

The main activities of the Group are as follows:

- Commercial air-transportation, which includes passenger, cargo, aircraft charters and related services;
- Aircraft handling, in-flight catering and related services to airlines using Hamad International Airport;
- Trading in duty free goods at Hamad International Airport and exchanging goods for redemption of Qmiles;
- Operation of restaurants at Hamad International Airport;
- Provision of facilities management services at Hamad International Airport;
- Hotel operations inside and outside the State of Qatar;
- Distribution of distilled beverages in the State of Qatar; and
- Management of Hamad International Airport.

The consolidated financial statements of Qatar Airways Group Q.C.S.C. as of and for the year ended 31 March 2020 were authorised for issue by the Board of Directors on 24 September 2020.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been presented in Qatari Riyals, which is the functional and presentation currency of the Company and all values are rounded to the nearest thousand (QR'000) except where otherwise indicated.

The consolidated financial statements are prepared under the historical cost convention except for certain financial assets (FVOCI investments) and liabilities (derivative financial instruments and unredeemed frequent flyer liabilities) that are measured at fair value.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional consolidated statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy or a retrospective restatement, in the consolidated financial statements. An additional statement of financial position as at 1 April 2018 is presented in these consolidated financial statements as a result of voluntary change in accounting policies as described in Note 2.3 and 36.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Qatar Airways Group Q.C.S.C. and its subsidiaries (together referred to as the "Group"). These consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the consolidated income statement.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (continued)

The material subsidiaries of the Group incorporated in the consolidated financial statements are as follows:

Name of the subsidiary	*Country of incorporation*	*Effective shareholding*	
		2020	*2019*
Strader S.A.	Switzerland	**100%**	100%
Amadeus Qatar W.L.L.	State of Qatar	**60%**	60%
Dhiafatina for Hotels W.L.L.	State of Qatar	**100%**	100%
Oryx Holdings, Inc.	United States of America	**100%**	100%
Qatar Aviation Lease Company Q.J.S.C. (QALC)	State of Qatar	**100%**	100%
Qatar Aviation Services Company W.L.L.	State of Qatar	**100%**	100%
Qatar Aviation Services India Pvt. Ltd	Republic of India	**100%**	100%
Qatar Aircraft Catering Company W.L.L.	State of Qatar	**100%**	100%
Qatar Distribution Company W.L.L.	State of Qatar	**100%**	100%
Qatar Duty Free Company W.L.L.	State of Qatar	**100%**	100%
Qatar Duty Free Company – Food and Beverage Division	State of Qatar	**100%**	100%
Internal Media Services Company W.L.L.	State of Qatar	**100%**	100%
Oryx International School W.L.L.	State of Qatar	**100%**	100%
Discover Qatar W.L.L.	State of Qatar	**100%**	100%
Qatar Airways Holidays W.L.L.	State of Qatar	**100%**	100%

Strader SA, (“Strader”) is a private limited liability company incorporated in Switzerland and the owner of Starling Geneva Hotel and Conference Centre located in Geneva, Switzerland.

Amadeus Qatar W.L.L. is engaged in activities relating to marketing, distribution, installation and maintenance of the Amadeus reservation and travel agency system to various travel agencies in State of Qatar.

Dhiafatina for Hotels W.L.L. is engaged in the operation of hotel properties inside and outside the State of Qatar.

Oryx Holdings, Inc., incorporated in Wilmington, Delaware, USA, is principally engaged in holding real estate properties.

QALC is registered as Qatari Joint Stock Company in the State of Qatar under Commercial Registration No. 42734. QALC was incorporated on 18 June 2009 and its primary objectives are to acquire and lease aircraft and aircraft components.

Qatar Aviation Services Company W.L.L. is engaged in the operations of ground-handling services to various airlines operating in Qatar. It is also engaged in selling tickets of several international airlines on behalf of the customers.

Qatar Aviation Services India Pvt. Ltd. is engaged in providing aircraft load data processing for passenger, cargo, charter, air taxis and air cargo aircrafts registered in Qatar and worldwide excluding India.

Qatar Aircraft Catering Company W.L.L. is engaged in providing in-flight catering and related services to Qatar Airways and other airlines in Qatar.

Qatar Distribution Company W.L.L. is primarily engaged in the distribution of distilled beverages and specialty foods.

Qatar Duty Free Company W.L.L. is engaged in the trading of duty free goods at Hamad International Airport.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (continued)

Qatar Duty Free Company – Food and Beverage Division include the activities of the food and beverage division of the Group. The Division undertakes these activities through the following:

- Marche W.L.L.
- Red W.L.L.
- Jamocha Cafe Qatar Duty Free W.L.L.
- Al Qatariya café W.L.L.

Internal Media Services Company W.L.L. is engaged in public relations, advertising, marketing and promotional activities in the State of Qatar.

Oryx International School W.L.L. is an educational institution and co-educational preparatory school for students from Reception to Year 10.

Discover Qatar W.L.L. is engaged in providing tourist packages within the State of Qatar.

Qatar Airways Holidays W.L.L. is engaged in the reception of touristic delegations' services.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company except for Amadeus Qatar W.L.L., and Strader S.A., whose financial years end on 31 December and Oryx International School W.L.L whose financial year ends on 31 August. Appropriate adjustments are made for subsidiaries that use different accounting periods and policies to conform to those adopted by the parent Company.

Transactions eliminated on consolidation
Inter-company balances and transactions, and any unrealised gain and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Non-controlling interests
Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement, consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Acquisitions of non-controlling interests are accounted for using the parent extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

2.3 Changes in accounting policies and disclosures

Voluntary change in accounting policy for risk transfer Power-By-The-Hour (PBTH) contracts and lease engines Life Limited Parts (LLPs)
During the current year, the Group has voluntarily changed its major maintenance accounting policy for owned and leased aircraft engines and Auxiliary Power Units (APUs) under the risk transfer type PBTH contracts, and leased engine LLPs from 'capitalize and depreciate' to 'accrue and pay' method based on actual flying hours/cycles consumed. This voluntary change in accounting policy for the maintenance costs of aircraft components under risk-transfer type PBTH contracts and leased engines LLPs has been applied retrospectively by the Group in accordance with IAS 8.

Until 31 March 2019, the Group was following the accounting policy of 'capitalize and depreciate' for major maintenance costs covered under these risk transfer type PBTH contacts, over the estimated life between two shop visits for both owned as well as leased aircraft (for intra-lease period). Detailed analysis of the impact of changes in accounting policies are provided in Note 36.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations adopted by the Group
The Group applied IFRS 16 for the first time. The nature and effect of the changes as a result of adoption of the new accounting standard is described below. Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

- IFRS 16 Leases*
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term interests in associates and joint ventures
- Annual Improvements 2015-2017 Cycle (issued in December 2017)
    - IFRS 3 Business Combinations
    - IFRS 11 Joint Arrangements
    - IAS 12 Income Taxes
    - IAS 23 Borrowing Costs

IFRS 16 Leases*
IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 at the date of initial application. The Group also elected to use recognition exceptions for lease contracts, which at the commencement date have lease term of 12 months or less and do not contain a purchasing option (short term leases), and lease contracts for which the underlying asset is of low value.

Nature of the effect of adoption on IFRS 16
The effect for the adoption of IFRS 16 as at 1 April 2019 (increase/(decrease)) is as follows:

	1 April 2019 QR'000
Asset	
Right-of-use assets	**35,529,573**
Prepayments	**(108,097)**
Total asset	**35,421,476**
Liabilities	
Provision for maintenance (Note 27)	**2,254,763**
Accrued expenses	**(3,078)**
Lease liabilities	**34,870,489**
Total liabilities	**37,122,174**
Total adjustment on equity	
Accumulated losses	**(1,700,698)**

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

IFRS 16 Leases* (continued)
The Group has lease contracts for aircraft, buildings (commercial and residential), and vehicles. Before the adoption of IFRS 16, the Group classified each of these leases at the inception date as operating leases. These leases were not capitalised, and the lease payments were recognised as rent expense in the consolidated income statement on a straight-line basis over the lease term. Any pre-paid rent and accrued rent were recognised under prepayments and other receivables and trade and other payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the modified retrospective method of adoption, the Group applied IFRS 16 at the date of initial application effective from 1 April 2019 as an adjustment to the opening balance of retained earnings at 1 April 2019 and not restating the comparative financial information of 2019. Under this transition method, the Group have assessed only those contracts which are not yet complete as at 1 April 2019.

Leases previously accounted for as operating leases
The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

Based on the foregoing, as at 1 April 2019:

- Right-of-use assets of QR 35,530 million were recognised and presented separately in the statement of financial position.
- Additional lease liabilities of QR 34,870 million were recognised and presented separately in the statement of financial position.
- Additional provision for end of lease obligations of QR 2,255 million were recognised and presented separately in the statement of financial position.
- Prepayment amounting to QR 108 million under IAS 17 related pertaining to previous operating leases were derecognised.
- Accrued expenses to QR 3 million under IAS 17 related pertaining to previous operating leases were derecognised.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

IFRS 16 Leases* (continued)
The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

	QR'000
Operating lease commitments as at 31 March 2019	**40,097,708**
Add: Leases previously not included	**877,039**
Less: Short-term leases	**(124,845)**
Less: Other Adjustments	**(81,823)**
Operating lease commitments as at 1 April 2019	**40,768,079**
Weighted average incremental borrowing rate as at 1 April 2019	**3.9%**
Lease liabilities as at 1 April 2019	**34,870,489**

2.4 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group did not early adopt any new or amended standards and interpretations during the year and intends to adopt these standards, if applicable, when they become effective.

Topics	***Effective date***
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IFRS 3: Definition of a Business	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2022

2.5 Summary of significant accounting policies

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Business combinations and goodwill (continued)
Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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

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

Revenue
The Group's revenues primarily derive from commercial air-transportation services which includes passenger, cargo, aircraft charters and related services. Revenue is recognized when the transportation service has been provided. These are generally paid for by customers in advance of transportation and are recognized, net of discounts, as deferred revenue (forward sales) until the customer has flown. A typical flight ticket contract includes promise to provide different flight segments and loyalty points. The Group considers these promises as separate distinct performance obligations and therefore, decided to allocate the transaction price in accordance with the requirements of IFRS 15. The Group considers whether it is an agent or a principal in relation to the services it provides by considering whether it has a performance obligation to provide services to the customer or whether the obligation is to arrange for the services to be provided by a third party.

Revenue from sale of duty free goods and beverages and catering operations is recognised at a point in time when the control of the asset is transferred to the customer, generally on delivery of the goods.

Other revenue including ground handling services, income from hotel operations and commissions is recognised as the related performance obligation is satisfied (over time) using an appropriate methodology which reflects the activity that has been undertaken to satisfy the related obligation.

Other income

Interest income
Interest income is recognised on a time proportion basis using the effective interest method.

Dividend income
Dividend income is recognised when the Group's right to receive the payments is established.

Claims and liquidated damages
Claims and liquidated damages are recognised in the consolidated income statement when a contractual entitlement exists, amounts can be reliably measured and receipt is virtually certain. When the claims and liquidated damages do not relate to a compensation for loss of income, the amounts are taken to the consolidated statement of financial position as a reduction to the cost of the asset to which it relates.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Current versus non-current classification
The Group presents assets and liabilities based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Property, plant and equipment
Property, plant and equipment is initially measured at fair value of consideration given. Fair value of aircraft takes into account manufacturer's credit. The carrying value is reviewed if events or changes indicate such values are not recoverable.

Subsequent costs are included in the assets carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Group and the cost can be reliably measured. Other costs are charged to the consolidated income statement during the year in which they are incurred.

Capital work in progress is stated at cost. When the asset is ready for its intended use, it is transferred from capital projects to the appropriate category under property, plant and equipment and depreciated in accordance with the Group's policies.

Fleet assets owned are depreciated at rate calculated to write down the cost to the estimated residual value at the end of their planned operational lives as per the Group's fleet plan, on a straight-line basis.

Land and capital projects are not depreciated. Depreciation on other property, plant and equipment is provided at rates calculated to write off the cost less their estimated residual value on a straight-line basis over the estimated economic useful life of the assets.

Property, plant and equipment, apart from freehold land is depreciated based on estimated economic useful life and estimated residual value or in the case of leasehold properties over the duration of the leases if shorter, on a straight-line basis.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)
The estimated economic useful life and estimated residual value of the Group's assets for the calculation of depreciation are as follows:

Asset type	*Estimated economic useful life*	*Estimated residual value*
Aircraft	12 - 18 years	5% - 15%
Executive jets (included as part of aircraft)	10 years	25% - 45%
Executive jets - Amiri (included as part of aircraft)	2 - 8 years	15% - 90%
Aircraft spare engines*	6 - 31 years	0% - 21 %
Aircraft spares and modifications*	7 - 15 years	20%
Buildings	20 - 50 years	Nil
Furniture, vehicles, ground and office equipment	3-15 years	Nil
Catering plant and equipment	6-7 years	Nil
Ground handling equipment	6-7 years	Nil

*During the year, the Group has revised the estimated economic useful life of aircraft modifications and aircraft spare engines. The revision was made to align the useful life of aircraft modifications to the respective aircraft's remaining useful life/ remaining lease term (incase aircraft under leases) and useful life of aircraft spare engines were aligned to the respective aircraft fleet retirement date.

Leasehold improvements are depreciated over the lease term or estimated economic useful life, whichever is shorter.

The estimated residual value, estimated economic useful life and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and when the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year the item is derecognised.

Aircraft maintenance, repair, and overhaul costs
The major maintenance checks, typically consist of more complex inspections and servicing of the aircraft, are capitalised when the recognition criteria is met and depreciated over the average expected life between major overhauls.

Maintenance costs which are covered by PBTH agreements with original equipment manufacturers/MROs where there is a transfer of risk and legal obligation are expensed on the basis of actual hours flown (accrue and pay). Maintenance costs for LLPs of leased engines are expensed on the basis of engine flight cycles consumed.

All other maintenance costs are expensed as incurred.

Assets classified as held for sale
Assets are classified as held for sale when their carrying value is to be recovered principally through sale as opposed to continuing use. The sale must be considered to be highly probable and to be enacted within 12 months. Assets classified as held for sale are carried at the lower of carrying value and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Where funds are borrowed specifically for the purpose of obtaining a qualifying asset, any investment income earned on temporary surplus funds is deducted from borrowing costs eligible for capitalisation. In the case of general borrowings, a capitalisation rate, which is the weighted average rate of general borrowing costs, is applied to the expenditure on qualifying assets and included in the cost of the asset.

Intangibles
Intangible assets acquired separately are measured on initial recognition at cost.

a. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated income statement in the period in which the expenditure is incurred.

b. Landing rights acquired from other airlines are capitalised at cost, less any accumulated impairment losses. Capitalised landing rights based within the EU are not amortised, as regulations within the EU consider them to have an indefinite economic life.

c. Goodwill arising on the acquisition of subsidiaries and represent the excess of the consideration paid over the net fair value of identifiable assets and liabilities of the acquire. Where the net fair value of the identifiable assets and liabilities of the acquiree is in excess of the consideration paid, a gain on bargain purchase is recognised immediately in the consolidated income statement.

Intangible assets with indefinite useful life are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Leases

Accounting policies applied from 1 April 2019

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of- use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in- substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Leases (continued)

Accounting policies applied from 1 April 2019 (continued)

Lease liabilities (continued)
In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the date of the commencement of lease. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and those leases of low-value assets. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less, that do not contain a purchase option. Low-value assets comprise office, vehicles, accommodation and equipment.

Sale and leaseback transactions
The Group regularly uses sale and leaseback transactions to finance the acquisition of aircraft. Each transaction is assessed as to whether it meets the criteria within IFRS 15 ‘Revenue from contracts with customers’ for a sale to have occurred. If a sale has occurred, then the associated asset is de-recognised, and a ROU asset and lease liability is recognised. The ROU asset recognised is based on the proportion of the previous carrying amount of the asset that is retained. Any gain or loss is restricted to the amount that relates to the rights that have been transferred to the counterparty to the transaction. Where a sale has not occurred, the asset is retained on the balance sheet within Property, plant and equipment and an asset financed liability recognised equal to the financing proceeds.

Under the transitional requirements of IFRS 16 applying the modified retrospective method, the assets and liabilities on all finance leases prior to April 1, 2019 were transferred into ROU assets and associated lease liabilities. From April 1, 2019 onwards, those new financing arrangements with the following features that do not meet the recognition criteria as a sale under IFRS 15 are therefore not eligible for recognition under IFRS 16: the lessor has legal ownership retention as security against repayment and interest obligations; the Group initially acquired the aircraft or took a major share in the acquisition process from the manufacturer; in view of the contractual conditions, it is virtually certain that the aircraft will be purchased at the end of the lease term. Where new financing arrangements do not meet these recognition criteria due to the fact they are ‘in substance purchases’ and not leases, the related liability is recognised as an asset financed liability and the assets as an owned asset within Property, plant and equipment.

Accounting policies prior to 1 April 2019
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Gains and losses arising on sale and leaseback transaction resulting in an operating lease and where the sale price is at fair value, are recognised immediately in the consolidated income statement.

Lease classification is made at the inception of the lease. Lease classification is changed only if, at any time during the lease, the parties to the lease agreement agree to change the provisions of the lease (without renewing it) in a way that it would have been classified differently at inception had the changed terms been in effect at that time. The revised agreement is considered as a new agreement and accounted for prospectively over the remaining term of the lease.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Leases (continued)

Accounting policies prior to 1 April 2019 (continued)

Group as a lessee
Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated income statement.

A leased asset is depreciated over the estimated economic useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated economic useful life of the asset and the lease term.

Operating lease payments are charged to the consolidated income statement on a straight-line basis over the period of the lease.

Investment in joint ventures and an associate
A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but it is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its joint ventures and an associate are accounted for using the equity method.

Under the equity method, the investment in a joint venture or the associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture or the associate since the acquisition date. Goodwill relating to the joint venture and associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated income statement reflects the Group's share of the results of operations of the joint ventures and the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the joint venture or an associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture or the associate are eliminated to the extent of the interest in the joint venture or the associate.

The aggregate of the Group's share of profit or loss in investment in joint ventures and an associate is shown on the face of the consolidated income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture or the associate.

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

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Investment in joint ventures and an associate (continued)
Upon loss of joint control over the joint venture or significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture or the associate upon loss of joint control or significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated income statement.

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are recognised in the consolidated income statement in those expense categories consistent with the function of the impaired asset.

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

Financial instruments

Investments and other financial assets
(i) Classification
The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income and
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. All financial instruments are recognized on the trade date, which is the date on which the Group becomes a party to the contractual provisions of an instrument.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Financial instruments (continued)

Investments and other financial assets (continued)

(ii) Measurement (continued)

Debt instruments
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method.

Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at fair value through profit or loss ('FVTPL"). Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Receivables
Receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. Receivables includes accounts receivables, cash and cash equivalents and short-term deposits that are measured at amortised cost using effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except short term receivables when the effect of discounting is immaterial.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Financial instruments (continued)

Investments and other financial assets (continued)

(ii) Measurement (continued)

Cash and cash equivalents
Cash and cash equivalent includes cash in hand and deposits with any qualifying financial institution repayable on demand or maturing within three months of the date of acquisition and which are subject to an insignificant risk of change in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

Equity instruments
Upon initial recognition, the Group elects to classify its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation, and are not held for trading. Such classification is determined on an instrument-by-instrument basis. Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in other comprehensive income. Equity instruments at FVOCI are not subject to an impairment assessment.

(iii) Impairment
Overview of the expected credit loss (ECL) principles
The adoption of IFRS 9 has fundamentally changed the Group's impairment method by replacing IAS 39's incurred loss approach with a forward-looking ECL approach.

The Group has been recording the allowance for expected credit losses for all receivables and other debt financial assets not held at FVTPL referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit loss expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group sets its financial assets (debt instruments) into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1: When financial debt instruments are first recognised, the Group recognises an allowance based on 12mECLs.

- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs.

- Stage 3: Debt instruments considered credit-impaired. The Group records an allowance for the LTECLs.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Financial instruments (continued)

Investments and other financial assets (continued)

(iii) Impairment (continued)
For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The calculation of ECLs
The Group calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.
The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD — The *Probability of Default* is an estimate of the likelihood of default over a given time horizon.
- EAD — The *Exposure at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date and accrued interest.
- LGD — The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Group considers three scenarios (a base case, a best case and worst case). The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier.

The mechanics of the ECL method are summarised below:

- Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. This calculation is made for each of the three scenarios, as explained above.
- Stage 2: When a financial debt instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs.
- Stage 3: For debt instrument that are considered credit-impaired,the Group recognises the lifetime expected credit losses for this debt instrument. The method is similar to that for Stage 2 assets, with the PD set at 100%.

For receivables only, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Debt instruments measured at fair value through OCI
The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

Forward looking information
In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as:
- GDP growth
- Current market conditions

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Financial instruments (continued)

Investments and other financial assets (continued)

(iii) Impairment (continued)
The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Write-offs
The Group's accounting policy under IFRS 9 remains the same as it was under IAS 39. Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

(iv) Derecognition
A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

  (a) the Group has transferred substantially all the risks and rewards of the asset, or
  (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

(i) Initial recognition and measurement
The Group has classified all financial liabilities within the scope of IFRS 9 under loans and borrowings, derivative financial instruments, and other financial liabilities as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and other financial liabilities, net of directly attributable transaction costs.

(ii) Subsequent measurement
The measurement of financial liabilities depends on their classification as described below:

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the consolidated income statement when the liabilities are derecognised as well as through the EIR amortisation process.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

(ii) Subsequent measurement (continued)

Loans and borrowings (continued)
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated income statement.

Accounts payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed by the supplier.

(iii) Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated income statement.

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

Fair value of financial instruments
The fair value is the estimated amount for which assets could reasonably be exchanged for on the date of valuation between a willing buyer and a willing seller in an arm's length transaction wherein the buyer and seller has each acted knowledgeably, prudently and without compulsion.

For financial investments traded in organised markets, fair value is determined by reference to quoted market bid prices. For financial instruments where there is no active market, the fair value is determined by using discounted cash flow analysis or reference to broker or dealer price quotations. For discounted cash flow analysis, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument.

Investments in mutual funds are stated at net assets value of the fund.

The fair value of a derivative is the equivalent of the unrealised gain or loss from marking to market the derivative using prevailing market rates.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

An analysis of fair values of financial instruments and further details as to how they are measured is provided in Note 34.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Financial instruments (continued)

Derivatives and hedging activities

Initial recognition and subsequent measurement
The Group uses derivative financial instruments such as commodity derivatives to hedge its risks associated with jet-fuel price fluctuations and foreign currency exchange derivatives to hedge its currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contracts are entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The fair value of commodity derivatives and foreign currency exchange derivatives are determined by reference to available market information and swap/forward valuation methodology. Any gains or losses arising from changes in fair value of derivatives are taken directly to consolidated income statement, except for the effective portion and cost of hedging for cash flow hedges, which is recognised in other comprehensive income.

For the purpose of hedge accounting, hedges are classified as:
- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of the hedge, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting, and the risk management objective and strategy for undertaking the hedge. That documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity will assess whether the hedging relationship meets the hedge effectiveness requirements (including its analysis of the sources of hedge ineffectiveness and how it determines the hedge ratio). Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis at each reporting date or upon a significant change in the circumstances affecting the hedge effectiveness requirements, whichever comes first. The assessment relates to expectations about hedge effectiveness and is therefore only forward-looking.

Hedges that meet the strict criteria for hedge accounting are accounted for as described below:

Cash flow hedges
The effective portion of the gains or losses on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated income statement.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts and the ineffective portion relating to commodity contracts is recognised in the consolidated income statement.

Amounts recognised as other comprehensive income are transferred to the consolidated income statement when the hedged transaction affects the consolidated income statement, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Financial instruments (continued)

Cash flow hedges (continued)
If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to the consolidated income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects consolidated income statement.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

Cost of hedging
When designating the spot element of the derivative financial instruments, the forward element shall be accounted as cost of hedging. As such, the change in fair value of the forward element is recognised in other comprehensive income and accumulated in a separate component of equity. In the case of a transaction related hedged item, the change in the fair value of the forward element is deferred in OCI and included, like transaction costs, in the measurement of the hedged item (or it is reclassified to profit or loss when a hedged sale occurs). In case of a time-period related hedged item, the forward element that exists at inception is amortised from the separate component of equity to profit or loss on a rational basis.

As a result of the above accounting, fluctuations in the fair value of the forward element over time will affect other comprehensive income, and the amount accumulated in OCI will be recognised in profit or loss when the hedged item affects profit or loss (in case of a transaction related hedged item), or be amortised to profit or loss (in case of a time-period related hedged item).

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances:

- When the Group expects to hold a derivative as an economic hedge for a period beyond 12 months after the reporting date, the derivative is classified as non-current consistent with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistent with the cash flows of the host contract.

Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and a non-current portion only if a reliable allocation can be made.

Inventories
Inventories are valued at the lower of purchase cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition and are determined as follows:

- Goods for resale, food and beverages are valued at weighted average costs
- Spare parts, catering materials and other supplies are valued on a first in first out (FIFO) basis

Provision for inventory obsolescence is estimated on a systematic basis and deducted from the gross carrying value of the inventory. Net realisable value is based on the estimated selling price in the ordinary course of business less any further costs expected to be incurred on completion and disposal.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Interest-bearing loans
Interest-bearing loans are recognised initially at fair value of the amounts borrowed, less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing loans are measured at amortised cost using the effective interest rate method, with any differences between the cost and final settlement values being recognised in the consolidated income statement over the period of the loans. Instalments due within one year at amortised cost are shown as a current liability.

Employees' end of service benefits
The Group provides for end of service benefits determined in accordance with the Group's policy based on employees' salaries and the number of years of service. The expected costs of the benefits are accrued over the period of employment. Applicable benefits are paid to employees on completion of their term of employment with the Group. Accordingly, the Group has no expectation of settling its employees' terminal benefits obligation in the near term.

With respect to its Gulf Cooperation Council ("GCC") employees, the Group makes contributions to a Government Pension Fund calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated income statement net of any reimbursement.

Frequent flyer programme
The Group operates a frequent flyer programme called "Privilege Club" that allows members to earn Qmiles by flying on Qatar Airways and other airlines participating in the programme. Members can also earn Qmiles by participating in non-airline programmes. Qmiles are used to avail various rewards given by the Privilege Club programme.

The portion of revenue attributable to the Qmiles earned by the member is identified and accounted for separately as a liability (unredeemed frequent flyer liabilities) based on the relative SSP per Qmile. Estimation technique are used to determine the SSP of Qmiles based on various historical trends such as weighted average ticket value, seat factor, routes used by members to avail reward tickets, other avenue used by members to redeem the Qmiles and expiry of Qmiles. The SSP of Qmiles is reviewed on a periodical basis.

The liability (unredeemed frequent flyer liabilities) is recognised as revenue in the consolidated income statement when the Group fulfills its obligation of rewarding goods and services to the member for the Qmiles earned.

Miles accrued through utilising the services of programme partners are paid for by the participating partners and the resulting revenue is recorded as other operating income.

Foreign currencies
Transactions and balances
Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction is recognised. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the consolidated income statement.

Non-monetary assets and liabilities, which are recognised at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date of determination of such fair value. The difference, if any, is taken to consolidated statement of other comprehensive income or consolidated income statement along with the fair value adjustments.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Foreign currencies (continued)

Foreign operation – consolidation
Assets and liabilities of foreign operations are translated into the functional currency at the rate prevailing on the reporting date and the income statements are translated using average exchange rates during the year. The exchange differences, on consolidation, are recognised in consolidated statement of other comprehensive income. Upon disposal of a foreign operation, it is recycled to consolidated income statement.

Taxation
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the reporting date. Taxation is provided for as and when the liability arises except where management is of the opinion that exemption from such liability will ultimately be granted by the relevant authorities in the countries concerned.

Deferred income taxes are provided for the tax effect of temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements. The Group uses the liability method to account for income taxes, which requires deferred taxes to be recorded at the statutory rate expected to be in effect when the taxes are paid.

Subsidiaries are subject to taxation under the provisions of income tax law in the respective country of tax residence. The tax liability of the Group is included under "accounts payable and accruals".

3 REVENUE

	2020	*2019*
	QR'000	*QR'000*
Scheduled services:		
Passenger	**37,069,509**	34,033,762
Cargo	**9,927,826**	10,064,161
	46,997,335	44,097,923
Other revenue:		
Sale of duty-free goods and beverages	**2,139,307**	2,095,798
Aircraft charters	**847,904**	760,475
Ground handling services	**471,091**	473,433
Hotel operations	**348,469**	360,512
In-flight catering and related service charges	**63,907**	40,191
Reservation and travel agency	**47,957**	50,143
Advertisement and promotions	**41,473**	48,634
	3,960,108	3,829,186
	50,957,443	47,927,109

4 OTHER OPERATING INCOME

	2020	*2019*
	QR'000	*QR'000*
Income from Al Maha services	**57,654**	59,677
Concessionary income	**33,519**	31,075
Fee income	**27,766**	8,304
Service income	**15,109**	12,818
Commission	**3,706**	4,154
Miscellaneous	**26,296**	20,359
	164,050	136,387

5 OPERATING EXPENSES

	2020	*2019*
	QR'000	*QR'000*
		(Restated)
Fuel costs	**17,491,727**	18,147,570
Salaries, allowances and other benefits	**8,019,248**	7,720,272
Landing, ground handling, over flying and crew layover	**6,561,405**	6,424,571
Amortization on right-of-use assets (Note 11)	**5,158,627**	-
Aircraft maintenance and insurance	**4,598,834**	4,606,484
Depreciation on property, plant and equipment (Note 10)	**4,175,083**	4,635,481
Passenger services	**1,954,240**	1,720,027
Cost of sales of duty-free goods and beverages	**1,028,212**	987,885
Revenue commissions	**984,950**	1,066,710
Reservations, communications and revenue accounting	**947,403**	895,432
Advertisement and promotions	**513,349**	523,887
Cost of in-flight catering and other services	**377,483**	352,332
Hotel operations	**184,128**	189,617
Aircraft and engine operating leases	**103,747**	4,742,140
Indirect tax	**97,028**	96,424
Miscellaneous	**55,390**	45,496
	52,250,854	52,154,328

6 OTHER INCOME

	2020	*2019*
	QR'000	*QR'000*
Dividend income from investment securities	**1,241,246**	607,435
Liquidated damages, incentives and compensation claims from suppliers	**381,473**	821,894
Leasing income	**248,935**	237,225
Interest income	**138,612**	293,736
Maintenance and development fees	**132,512**	154,728
Infrastructure facility income	**36,529**	32,429
Management fees	**21,972**	17,904
Miscellaneous	**147,836**	119,436
	2,349,115	2,284,787

7 GENERAL AND ADMINISTRATIVE EXPENSES

	2020	*2019*
	QR'000	*QR'000*
Salaries, allowances and other benefits	**2,099,227**	1,991,932
Depreciation on property, plant and equipment (Note 10)	**422,546**	388,676
Bank charges and commission	**426,925**	383,111
Net derivative loss	**310,256**	11,272
Amortization on right-of-use assets (Note 11)	**260,985**	-
Repairs, maintenance and insurance	**254,132**	226,903
Legal and consultancy fees	**181,042**	238,558
Net impairment loss on financial assets (Note 33)	**148,313**	41,681
Rental - office, vehicles, accommodation and equipment	**103,264**	277,864
Communication	**76,549**	67,466
Shipping and clearance	**70,180**	68,335
Provision for obsolete and slow-moving inventories (Note 15)	**42,583**	27,231
Stationery and publication materials	**35,176**	20,161
Management fees	**27,881**	38,749
Office utilities	**23,072**	22,799
Travelling	**10,190**	8,148
Miscellaneous	**174,480**	103,724
	4,666,801	3,916,610

8 FINANCE COSTS

	2020	*2019*
	QR'000	*QR'000*
		(Restated)
Interest on lease liabilities (Note 11)	**1,331,842**	-
Interest on provision for maintenance (Note 27)	**296,020**	205,197
Interest on interest-bearing loans	**211,041**	284,060
	1,838,903	489,257

9 INCOME TAX

The income tax expense represents the sum of current income tax computed. Current income tax assets and liabilities for the current year and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities.

The Group is subject to the prevailing tax law in the State of Qatar. The tax rate applicable to the taxable subsidiary companies, joint venture companies and global branches established for the purposes of providing air transportation activities varies for each jurisdiction. For the purpose of determining the taxable results for the year, the accounting profit of the entities were adjusted for tax purposes in accordance with local tax legislation. Adjustments for tax purposes include items relating to both income and expenses which are based on the current understanding of the existing laws, regulations and practices of each jurisdiction in which the relevant subsidiary is a tax resident. Given that the Group is subject to various tax jurisdictions and regulations, it is not practical to provide a detailed reconciliation between accounting and taxable profits, together with the details of the effective tax rates.

9 INCOME TAX (CONTINUED)

The subsidiaries, joint ventures and associate of the Group, which file corporate income tax returns and compute their corporate income tax liability locally are as follows:

Name of the entity	***Country of tax residence***	***Tax legislation***
Amadeus Qatar W.L.L.	State of Qatar	The Qatar Income Tax Law – Law No. 24 of 2018
AQA Holding S.P.A.	Italy	Law imposing imposta sul reddito delle società (IRES) and imposta regionale sulle attività produttive (IRAP)
Dhiafatina for Hotels W.L.L.	State of Qatar, United Kingdom, Netherlands, and Australia	The Qatar Income Tax Law – Law No. 24 of 2018, United Kingdom Corporation Tax Act 2010, Dutch Tax Law and Income Tax Assessment Act 1936 (ITAA 1936) and Income Tax Assessment Act 1997 (ITAA 1997)
Facilities Management & Maintenance Company L.L.C.	State of Qatar	The Qatar Income Tax Law – Law No. 24 of 2018
Internal Media Services Company W.L.L.	State of Qatar	The Qatar Income Tax Law – Law No. 24 of 2018
Linc Facility Services L.L.C.	State of Qatar	The Qatar Income Tax Law – Law No. 24 of 2018
Oryx Holdings, Inc.	United States of America	The Internal Revenue Code
Oryx International School W.L.L.	State of Qatar	The Qatar Income Tax Law – Law No. 24 of 2018
Qatar Aircraft Catering Company W.L.L.	State of Qatar	The Qatar Income Tax Law – Law No. 24 of 2018
Qatar Aviation Services W.L.L.	State of Qatar	The Qatar Income Tax Law – Law No. 24 of 2018
Qatar Aviation Services India Pvt. Ltd.	Republic of India	Income Tax Act 1961
Qatar Distribution Company W.L.L.	State of Qatar	The Qatar Income Tax Law – Law No. 24 of 2018
Qatar Duty Free Company W.L.L.	State of Qatar	The Qatar Income Tax Law – Law No. 24 of 2018
Qatar Duty Free Company – Food and Beverage Division	State of Qatar	The Qatar Income Tax Law – Law No. 24 of 2018
Qatar Airways SSP L.L.C.	State of Qatar	The Qatar Income Tax Law – Law No. 24 of 2018
Qatar Aviation Lease Company Q.J.S.C.	State of Qatar	The Qatar Income Tax Law – Law No. 24 of 2018
Strader S.A.	Switzerland	Federal Act of 14 December 1990

10 PROPERTY, PLANT AND EQUIPMENT

	Aircraft QR'000	*Aircraft spare engines QR'000*	*Aircraft spares QR'000*	*Land and buildings QR'000*	*Furniture, vehicles, ground and office equipment QR'000*	*Catering plant and equipment QR'000*	*Ground handling equipment QR'000*	*Capital projects QR'000*	*Total QR'000*
Cost:									
At 1 April 2019 (as restated)	49,672,611	5,085,694	5,210,106	3,417,389	3,284,077	11,601	539,345	14,772,949	81,993,772
Additions	9,449	-	-	2,092	57,363	15,609	96,063	16,630,811	16,811,387
Reclassifications	7,869,969	463,000	791,914	391,091	349,070	1,981	-	(9,867,025)	-
Disposals including write-offs	(4,454,454)	(370,876)	(273,474)	-	(132,450)	-	(4,184)	(993,707)	(6,229,145)
Foreign currency translation adjustment	-	-	-	53	(4,686)	-	-	(117)	(4,750)
At 31 March 2020	53,097,575	5,177,818	5,728,546	3,810,625	3,553,374	29,191	631,224	20,542,911	92,571,264
Depreciation and impairment:									
At 1 April 2019 (as restated)	13,444,848	2,176,516	1,942,740	462,827	2,130,954	4,849	471,343	91,162	20,725,239
Provided during the year	3,305,267	416,570	399,771	124,099	316,286	3,543	32,093	-	4,597,629
Impairment loss	(1,289)	-	28,358	-	-	-	-	(1,607)	25,462
Disposals including write-offs	(2,112,730)	(353,484)	(197,842)	-	(116,994)	-	(4,179)	-	(2,785,229)
Foreign currency translation adjustment	-	-	-	5,803	780	-	-	-	6,583
At 31 March 2020	14,636,096	2,239,602	2,173,027	592,729	2,331,026	8,392	499,257	89,555	22,569,684
Net book value:									
At 31 March 2020	**38,461,479**	**2,938,216**	**3,555,519**	**3,217,896**	**1,222,348**	**20,799**	**131,967**	**20,453,356**	**70,001,580**

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Aircraft QR'000	*Aircraft spare engines QR'000*	*Aircraft spares QR'000*	*Land and buildings QR'000*	*Furniture, vehicles, ground and office equipment QR'000*	*Catering plant and equipment QR'000*	*Ground handling equipment QR'000*	*Capital projects QR'000*	*Total QR'000*
Cost:									
At 1 April 2018 (as previously reported)	51,368,245	7,985,903	4,257,009	3,245,483	3,069,843	7,584	531,668	16,312,514	86,778,249
Effect of voluntary change in accounting policy (Note 36)	-	(3,090,381)	-	-	-	-	-	(288,587)	(3,378,968)
At 1 April 2018 (as restated)	51,368,245	4,895,522	4,257,009	3,245,483	3,069,843	7,584	531,668	16,023,927	83,399,281
Additions	-	-	-	-	76,671	4,017	15,635	12,263,584	12,359,907
Reclassifications	7,992,370	472,265	1,175,838	245,371	251,608	-	(4,328)	(10,137,274)	(4,150)
Disposals including write-offs	(9,688,004)	(282,093)	(222,741)	(24,535)	(83,766)	-	(3,630)	(3,377,114)	(13,681,883)
Foreign currency translation adjustment	-	-	-	(48,930)	(30,279)	-	-	(174)	(79,383)
At 31 March 2019 (as restated)	49,672,611	5,085,694	5,210,106	3,417,389	3,284,077	11,601	539,345	14,772,949	81,993,772
Depreciation and impairment:									
At 1 April 2018	14,730,831	3,655,510	1,591,639	369,875	1,913,545	3,249	441,580	-	22,706,229
Effect of voluntary change in accounting policy (Note 36)	-	(1,655,597)	-	-	-	-	-	-	(1,655,597)
At 1 April 2018 (as restated)	14,730,831	1,999,913	1,591,639	369,875	1,913,545	3,249	441,580	-	21,050,632
Provided during the year	3,594,039	600,872	394,559	109,948	290,087	1,259	33,393	-	5,024,157
Impairment loss	96	-	51,285	-	9,418	341	-	91,162	152,302
Reclassifications	-	-	11,526	-	-	-	-	-	11,526
Disposals including write-offs	(4,880,118)	(424,269)	(106,269)	(719)	(68,563)	-	(3,630)	-	(5,483,568)
Foreign currency translation adjustment	-	-	-	(16,277)	(13,533)	-	-	-	(29,810)
At 31 March 2019 (as restated)	13,444,848	2,176,516	1,942,740	462,827	2,130,954	4,849	471,343	91,162	20,725,239
Net book value:									
At 31 March 2019 (as restated)	36,227,763	2,909,178	3,267,366	2,954,562	1,153,123	6,752	68,002	14,681,787	61,268,533

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes:

(a) The depreciation charge has been allocated in the consolidated income statement as follows:

	2020 ***QR'000***	*2019* *QR'000* *(Restated)*
Operating expenses (Note 5)	**4,175,083**	4,635,481
General and administrative expenses (Note 7)	**422,546**	388,676
	4,597,629	5,024,157

(b) Property, plant and equipment with a net carrying amount of QR 22,988 million (2019: QR 13,746 million) is mortgaged as security for certain interest-bearing loans.

(c) Buildings with a total net carrying amount of QR 768 million (2019: QR 708 million) were constructed on plots of land received from the Government of State of Qatar which were accounted at nominal value.

(d) Borrowing costs amounting to QR 578 million (2019: QR 409 million) were capitalised during the year. A capitalisation rate of 3.46% (2019: 3.31%) had been used on general borrowings up to the date when substantially all the activities necessary to bring the qualifying asset to its intended use are complete.

(e) At 31 March 2020, the aircraft fleet comprised of 265 aircraft (2019: 258 aircraft). This comprises of 212 passenger aircraft (2019: 211 aircraft) 28 freighters (2019: 25 freighters), and 25 executive jets (2019: 22 executive jets). Out of the total aircraft fleet, 159 aircraft (2019: 156 aircraft) are under lease.

11 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Set out below are the carrying amounts of the right-of-use assets recognised and the movement during the year:

	Aircraft ***QR'000***	***Commercial and residential buildings*** ***QR'000***	***Vehicles*** ***QR'000***	***Total*** ***QR'000***
At 1 April 2019	34,649,218	879,329	1,026	35,529,573
Additions during the year including remeasurements	4,058,586	174,741	50	4,233,377
Amortisation on right-of-use assets	(5,157,552)	(261,538)	(522)	(5,419,612)
Effect of foreign currency translation	-	(250)	-	(250)
At 31 March 2020	**33,550,252**	**792,282**	**554**	**34,343,088**

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2020 ***QR'000***
At 1 April 2019	**34,870,489**
Additions during the year	**4,325,891**
Interest on lease liabilities (Note 8)	**1,331,842**
Payments made during the year	**(6,051,879)**
Effect of foreign currency translation	**(6,504)**
At 31 March 2020	**34,469,839**

11 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Presented in the consolidated statement of financial position as follows:

	2020 *QR'000*
Current portion	**4,869,081**
Non-current portion	**29,600,758**
	34,469,839

The following are the amounts recognised in consolidated income statement:

	2020 *QR'000*
Amortization on right-of-use assets (Note 5)	**5,158,627**
Amortization on right-of-use assets (Note 7)	**260,985**
Interest on lease liabilities (Note 8)	**1,331,842**
Total amount recognised in consolidated income statement	**6,751,454**

12 INTANGIBLES

Intangible assets include goodwill relating to acquisition of subsidiaries and slots owned by the Group at London Heathrow airport, which establish the right to operate flights through that airport. The slots have an indefinite useful life as the Group has title to slots on a permanent basis and there is no foreseeable limit to the period over which the slots are expected to generate net cash flows for the Group. These intangible assets have been reviewed and tested for impairment and the Group has not identified any impairment at the reporting date (2019: Nil).

	Landing rights *QR'000*	*Goodwill* *QR'000*	*Total* *QR'000*
At 1 April 2019	267,850	113,995	381,845
Translation reserve	-	3,977	3,977
At 31 March 2020	**267,850**	**117,972**	**385,822**

Landing rights of the Group have indefinite useful life. Impairment assessment was carried on for these intangible assets by comparing the carrying value of these assets with their recoverable values determined on the basis of value in use calculations. For the purpose of calculating the value in use, the airline operations of the Group are considered as the cash generating unit (CGU).

Goodwill pertains to the acquisition of hotels. Each hotel to which goodwill relates is considered as CGU for the purpose of goodwill assessment. For the current year, the Group performed the impairment testing of goodwill by computing the value in use of the CGUs to which it relates and comparing this amount to the carrying amount of the CGU.

13 INVESTMENT IN JOINT VENTURES AND AN ASSOCIATE

The Group has ownership interest in the following entities:

Name	*Type*	*Activities*	*Effective shareholding* **31 March 2020**	*31 March 2019*
Facilities Management and Maintenance Company L.L.C. (FMMC)	Joint venture	Primarily engaged in delivery of facilities management services to the Hamad International Airport	**51%**	51%
Linc Facility Services L.L.C. (LFS)	Joint venture	Primarily engaged in onsite facility management in the State of Qatar and other MENA countries	**33.5%**	33.5%
Qatar Airways SSP L.L.C. (QASSP)	Joint venture	Primarily engaged in restaurant management and beverages trading in the State of Qatar	**51%**	51%
AQA Holding S.P.A. (AQA)	Associate	Primarily engaged in charter and scheduled flight services.	**49%**	49%

	2020* *QR'000	*2019* *QR'000*
Investment in joint ventures (Note 13.1)	**135,837**	125,422
Investment in an associate (Note 13.2)	**-**	206,352
	135,837	331,774

Group's share of results from investment in joint ventures and an associate in the consolidated income statement comprise of the following:

	2020* *QR'000	*2019* *QR'000*
Group's share of loss from investment in an associate (Note 13.2)		
Group's share of loss for the period/year	**(575,096)**	(265,518)
Provision for liquidation settlements	**(873,960)**	-
	(1,449,056)	(265,518)
Group's share of profit from investment in joint ventures (Note 13.1)	**61,998**	50,061
	(1,387,058)	(215,457)

13.1 Investment in joint ventures

The following table illustrates the summarised statements of financial position of the joint ventures:

	FMMC *QR'000*	*LFS* *QR'000*	*QASSP* *QR'000*	*Total* *QR'000*
At 31 March 2020				
Current assets	**246,159**	**102,567**	**77,830**	**426,556**
Non-current assets	**41,972**	**2,115**	**7,455**	**51,542**
Current liabilities	**(115,255)**	**(5,730)**	**(12,190)**	**(133,175)**
Non-current liabilities	**(40,464)**	**(3,332)**	**(1,656)**	**(45,452)**
Net assets	**132,412**	**95,620**	**71,439**	**299,471**
The Group's share and the carrying amount of the investment	**67,530**	**31,873**	**36,434**	**135,837**

13 INVESTMENT IN JOINT VENTURES AND AN ASSOCIATE (CONTINUED)

13.1 Investment in joint ventures (continued)

	FMMC	*LFS*	*QASSP*	*Total*
	QR'000	*QR'000*	*QR'000*	*QR'000*
At 31 March 2019				
Current assets	199,747	110,417	82,596	392,760
Non-current assets	1,676	1,253	13,486	16,415
Current liabilities	(61,728)	(5,480)	(37,671)	(104,879)
Non-current liabilities	(17,672)	(3,842)	(1,403)	(22,917)
Net assets	122,023	102,348	57,008	281,379
The Group's share and the carrying amount of the investment	62,232	34,116	29,074	125,422

Summarised income statements of the joint ventures for the year ended 31 March are as follows:

	FMMC	***LFS***	***QASSP***	***Total***
	QR'000	***QR'000***	***QR'000***	***QR'000***
2020				
Revenue	**416,719**	**102,933**	**121,668**	**641,320**
Profit for the year	**60,389**	**33,271**	**39,432**	**133,092**
Group's share of profit	**30,798**	**11,090**	**20,110**	**61,998**

	FMMC	*LFS*	*QASSP*	*Total*
	QR'000	*QR'000*	*QR'000*	*QR'000*
2019				
Revenue	415,056	120,827	108,441	644,324
Profit for the year	46,269	39,349	26,172	111,790
Group's share of profit	23,597	13,116	13,348	50,061

The joint ventures had no other contingent liabilities or capital commitments as at 31 March 2020 and 2019, except as disclosed in Note 29 (b).

13.2 Investment in an associate

On 28 September 2017, the Group acquired 49% interest in AQA Holding S.P.A. ("AQA") which is the parent company of "Air Italy S.P.A." (formerly known as 'Meridiana Fly'). AQA is a private entity based in Italy that is not listed in any public exchange and is involved both in the national and international market and providing "charter" and "scheduled" flight services.

13 INVESTMENT IN JOINT VENTURES AND AN ASSOCIATE (CONTINUED)

13.2 Investment in an associate (continued)

On 11 February 2020, as a result of the Extra-ordinary Shareholders meeting of Air Italy S.P.A., the shareholders of Air Italy S.P.A. approved the placement of Air Italy S.P.A. in liquidation. As a result of which the Group impaired its investment in an associate. The movement in the carrying amount of the investment in an associate is as follows:

	2020	*2019*
	QR'000	*QR'000*
At 1 April	**206,352**	471,870
Investments made during the year	**368,744**	-
Group's share of loss	**(575,096)**	(265,518)
At 31 March	**-**	206,352

The associate had no contingent liabilities or capital commitments as at 31 March 2020 and 2019, except which are disclosed in Note 29 (b).

Provision for liquidation settlements:
In addition to the above Group's share of loss of QR 575 million, the Group has estimated to incur additional expenditure of QR 874 million as its contribution towards completion of liquidation of Air Italy S.P.A. and has included this in the total amount of Group's share of loss for the year in the consolidated income statement.

14 INVESTMENT SECURITIES

	2020	*2019*
	QR'000	*QR'000*
Investment securities measured at FVOCI – equity securities	**8,951,281**	18,360,659
Investment securities measured at FVOCI – debt securities (net)	**-**	181,146
	8,951,281	18,541,805

	2020	*2019*
	QR'000	*QR'000*
At cost	**21,143,481**	18,815,921
Fair value reserve (Note 21)	**(12,192,200)**	(274,116)
	8,951,281	18,541,805

Fair values of quoted debt and equity securities are determined by reference to the published price. Investment in debt securities is reported net of impairment of QR Nil (2019: QR 401 thousand). For credit risk disclosures of expected credit loss on debt securities under IFRS 9, please see Note 33.

Investment securities with a net carrying amount of QR 6,398 million (2019: QR 10,366 million) are mortgaged as security for certain interest-bearing loans (Note 23).

15 INVENTORIES

	2020 *QR'000*	*2019* *QR'000*
Spare parts	**915,121**	844,611
Catering materials	**328,735**	280,005
Goods for resale	**302,911**	430,828
Goods-in-transit	**13,487**	20,729
Other supplies	**67,659**	52,261
	1,627,913	1,628,434
Less: Provision for obsolete and slow-moving inventories	**(89,633)**	(91,894)
	1,538,280	1,536,540

Movements in the provision for obsolete and slow-moving inventories are as follows:

	2020 *QR'000*	*2019* *QR'000*
At 1 April	**91,894**	90,465
Provided during the year (Note 7)	**42,583**	27,231
Reversal during the year	**(44,331)**	(127)
Written-off during the year	**(513)**	(25,675)
At 31 March	**89,633**	91,894

16 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2020 *QR'000*	*2019* *QR'000* *(Restated)*
Trade accounts receivable	**2,594,330**	3,739,048
Amounts due from related parties (Note (a))	**780,927**	821,447
Deposits	**78,637**	78,381
Accrued income	**33,891**	43,077
Loan to an affiliate (Note 31)	**6,860**	-
Other receivables	**380,473**	217,748
	3,875,118	4,899,701
Less: Allowance for expected credit losses of trade accounts receivable (Note 33)	**(158,536)**	(118,485)
	3,716,582	4,781,216
Prepayments	**372,545**	369,089
Advances to suppliers	**647,168**	227,004
	4,736,295	5,377,309

Set out below is the movement in the allowance for expected credit losses of trade accounts receivables:

	2020 *QR '000*	*2019* *QR '000*
At 1 April	**118,485**	103,669
Allowance for expected credit losses	**92,264**	43,802
Amounts written-off	**(52,213)**	(28,986)
As at 31 March	**158,536**	118,485

16 ACCOUNTS RECEIVABLE AND PREPAYMENTS (CONTINUED)

Notes:

(a) Included in the amounts due from related parties are the following balances:

	2020 ***QR'000***	*2019* *QR'000*
Joint ventures and associate:		
AQA Holding S.P.A. (AQA)	**50,927**	54,034
Qatar Airways SSP L.L.C.	**3,445**	5,908
Facilities Management and Maintenance Company L.L.C.	**9,499**	1,423
Affiliates and other related parties:		
Hamad International Airport (Note (b))	**644,302**	601,175
Amiri Flight	**66,676**	143,752
Directors and other key management personnel	**360**	472
Other affiliates	**5,718**	14,683
	780,927	821,447

(b) Amount due from Hamad International Airport includes short-term loan of QR 450 million provided by the Group during the year. The loan carries interest at commercial rate.

(c) For credit risk disclosures of expected credit loss on trade accounts receivable under IFRS 9, please see Note 33.

17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following consolidated statement of financial position amounts:

	2020 ***QR'000***	*2019* *QR'000*
Cash at banks and on hand	**6,265,752**	5,994,013
Short-term deposits (net)	**1,001,013**	1,896,388
	7,266,765	7,890,401
Less: Short-term deposits with original maturity of more than 3 months	**(88,668)**	(575,993)
	7,178,097	7,314,408
Bank overdraft	**(696,930)**	-
Cash and cash equivalents as per consolidated statement of cash flows	**6,481,167**	7,314,408

Notes:

(a) Cash at bank earns interest at market rates based on daily bank deposit rates. Short-term deposits are made for varying periods between one day and one year, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. Short-term deposits and net bank balances amounting to QR 373 million (2019: QR 1,412 million) are held with entities owned by the Government of the State of Qatar, on an arm's length basis.

(b) Cash and bank balances include deposits amounting to QR 300 million (2019: QR 354 million) in certain countries that the Group operates. These deposits have been restricted from being transferred out of those countries due to various reasons. However, the funds are available for disbursement within the territory of those countries.

(c) For credit risk disclosures of expected credit loss on short-term deposits under IFRS 9, please see Note 33.

18 SHARE CAPITAL

	2020	*2019*
	QR'000	*QR'000*
Authorised shares		
5,248,107,979 shares of QR 10 each	**52,481,079**	52,481,079
Issued and fully paid shares		
4,552,827,600 shares of QR 10 each	**45,528,276**	45,528,276

In 2011, the Extraordinary General Assembly of the Company approved the increase of the authorised and paid-up capital of the Company by issuing one share of nominal value of QR 10 at a premium of QR 16,300 million to the Government of the State of Qatar through conversion of shareholder advances. The share premium arising out of this increase in capital is included in the legal reserve (Note 20).

At 31 March 2020, the Group's accumulated losses exceeded 50% of the share capital. As per the Company's Articles of Association, if the Company's accumulated losses exceed 50% of the issued share capital, an Extraordinary General Assembly meeting is required to be called to consider dissolution of the company before duration or decrease the share capital or otherwise.

As a result, subsequent to the year end, the shareholder provided an advance of QAR 7.3 billion to the Company. The Extraordinary General Assembly of the Company, held on 24 September 2020, approved the conversion of this advance to authorised and paid-up capital of the Company by issuing 730,000,000 shares of nominal value of QR 10 per share to the Government of the State of Qatar.

19 CAPITAL RESERVE

Capital reserve includes the fair value of non-monetary contribution representing three plots of land received from the Government of the State of Qatar, the shareholder of the Company. In 2013, the Group disposed the three plots of land.

20 LEGAL RESERVE

	2020	*2019*
	QR'000	*QR'000*
Transfer of profit	**1,030,301**	919,147
Share premium (Note 18)	**16,300,080**	16,300,080
	17,330,381	17,219,227

As required by Qatar Commercial Companies' Law No. 11 of 2015 and the Articles of Associations of the respective companies in the Group, 10% of the annual profit for the year of each company should be transferred to legal reserve until such time it reaches 50% of the issued share capital of the respective company. The reserve is not normally available for distribution, except in the circumstances stipulated by the above Law.

21 FAIR VALUE RESERVE

	2020			*2019*		
	Cash flow hedges QR'000	***Financial asset at FVOCI QR'000***	***Total QR'000***	*Cash flow hedges QR'000*	*Financial asset at FVOCI QR'000*	*Total QR'000*
At 1 April	**-**	**(274,116)**	**(274,116)**	**-**	2,939,321	2,939,321
Net loss on fair valuation	**-**	**(11,917,753)**	**(11,917,753)**	**-**	(3,212,366)	(3,212,366)
Loss recycled to consolidated income statement	**-**	**(331)**	**(331)**	**-**	**-**	**-**
Net loss on cash flow hedges	**(514,472)**	**-**	**(514,472)**	**-**	**-**	**-**
Net movement shown as part of other comprehensive income	**(514,472)**	**(11,918,084)**	**(12,432,556)**	**-**	(3,212,366)	(3,212,366)
Released to accumulated losses	**-**	**-**	**-**	**-**	(1,071)	(1,071)
At 31 March	**(514,472)**	**(12,192,200)**	**(12,706,672)**	**-**	(274,116)	(274,116)

The Group has elected to recognise changes in the fair value of investments in equity securities in other comprehensive income. These changes are accumulated within the financial assets at FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

The Group has certain investments classified as debt investments at FVOCI. For these investments, changes in fair value are accumulated within the financial assets at FVOCI reserve within equity. The accumulated changes in fair value are transferred to profit or loss when the investment is disposed of.

22 FURNITURE, FIXTURES AND EQUIPMENT RESERVE

In accordance with the terms of the Hotel Management Agreement entered into by the Group, certain percentage of the gross revenues of the hotels are set aside as a reserve for furniture, fixtures and equipment. This reserve is utilised for replacements and additions to furniture, fixtures and equipment.

23 INTEREST-BEARING LOANS

	2020 ***QR'000***	*2019* *QR'000*
Current	**17,964,634**	3,016,690
Non-current	**17,339,183**	18,337,648
	35,303,817	21,354,338

Various term loans were obtained by the Group mainly to finance the acquisition of aircraft, investment securities, commercial properties and for working capital requirements. The loans carry interest at commercial rates. These loans were secured by a pledge of the acquired aircraft with a carrying value of QR 22,615 million (2019: QR 13,349 million), pledge of shares of investment securities amounting to QR 6,398 million (2019: QR 10,366 million) and mortgage of commercial properties amounting to QR 373 million (2019: QR 397 million).

The maturity profile of the term loans is shown below:

	2020 ***QR'000***	*2019* *QR'000*
Within one year	**17,964,618**	3,016,691
Between 2 and 5 years	**9,895,610**	12,786,298
After 5 years	**7,443,589**	5,551,349
	35,303,817	21,354,338

The currency denomination of the term loans is shown below:

	2020 ***QR'000***	*2019* *QR'000*
US Dollars (USD)	**27,612,455**	19,042,698
Qatar Riyal (QR)	**5,961,673**	807,514
Euro (EUR)	**834,857**	709,455
Swiss Francs (CHF)	**631,272**	692,221
Australian Dollar (AUD)	**163,797**	2,015
Great Britain Pounds (GBP)	**99,763**	100,435
	35,303,817	21,354,338

Term loans by interest rate:

	2020 ***QR'000***	*2019* *QR'000*
Fixed rate	**6,515,409**	1,379,595
Floating rate	**28,788,408**	19,974,743
	35,303,817	21,354,338

The carrying value approximates the fair value of the interest-bearing loans as most of the outstanding loans have floating interest rate. The fair value of the term loans falls into level 2 of the fair value hierarchy.

24 EMPLOYEES' END OF SERVICE BENEFITS

Movement in the provision recognised in the consolidated statement of financial position is as follows:

	2020 ***QR'000***	*2019* *QR'000*
At 1 April	**1,376,673**	1,207,457
Provided during the year	**298,737**	277,042
End of service benefits paid	**(125,192)**	(107,494)
Translation reserve	**397**	(332)
At 31 March	**1,550,615**	1,376,673

25 RETENTIONS PAYABLES

Retentions payables represent the amount withheld from payments to contractors. These amounts will be settled upon completion of the maintenance period subject to satisfactory discharge of the obligations by the contractors. These have been disclosed in the consolidated statement of financial position as follows:

	2020 ***QR'000***	*2019* *QR'000*
Current portion (Note 28)	**4,067**	54,040
Non-current portion	**78,939**	32,466
	83,006	86,506

26 UNREDEEMED FREQUENT FLYER LIABILITIES

Unredeemed frequent flyer liabilities relate to the frequent flyer programme and represent the fair value of outstanding reward credits. Revenue is recognised when the Group fulfils its obligations by supplying free goods and services on the redemption of the reward credits.

27 PROVISION FOR MAINTENANCE

Presented in the consolidated statement of financial position is as follows:

	2020 ***QR'000***	*2019* *QR'000* *(Restated)*
Current portion	**2,792,247**	2,208,242
Non-current portion	**9,251,428**	5,722,648
	12,043,675	7,930,890

27 PROVISION FOR MAINTENANCE (CONTINUED)

Movement for the provision for maintenance is as follows:

	2020	*2019*
	QR'000	*QR'000*
At 1 April	**7,930,890**	6,388,239
Effect of adoption of IFRS 16: Leases (Note 2.3)	**2,254,763**	-
At 1 April (restated)	**10,185,653**	6,388,239
Provided during the year	**3,492,214**	3,194,517
Unwinding of discount*	**296,020**	205,197
Payments made during the year	**(1,930,212)**	(1,857,063)
At 31 March	**12,043,675**	7,930,890

* Expected future cashflows to settle the future maintenance obligations and end of lease obligations are discounted. If the discount rates were to increase by 1%, holding all other factors constant, there would be a cumulative adjustment to decrease the provision by QR 120.4 million (2019: QR 78.4 million).

28 ACCOUNTS PAYABLE AND ACCRUALS

	2020	*2019*
	QR'000	*QR'000*
		(Restated)
Trade accounts payable	**3,928,260**	2,161,164
Accrued expenses	**2,607,732**	3,236,806
Unearned revenue	**183,985**	35,398
Interest payable	**149,612**	119,621
Credits received from suppliers	**63,700**	-
Tax payable	**93,397**	83,862
Advances from customers	**11,985**	12,846
Amounts due to related parties (Note (a))	**7,973**	14,858
Retentions payables (Note 25)	**4,067**	54,040
Other payables	**415,826**	669,255
	7,466,537	6,387,850

Note:

(a) Included in the amounts due to related parties are the following balances:

	2020	*2019*
	QR'000	*QR'000*
Affiliates and other related parties:		
Hamad International Airport	**7,025**	14,591
Other affiliates	**948**	267
	7,973	14,858

Terms and conditions relating to amounts due to related parties are disclosed in Note 31.

29 CONTINGENT LIABILITIES

(a) The Group is involved in certain claims and litigations related to its operations. In the opinion of management as advised by the legal counsel, liabilities, if any, arising from these claims and litigations will not have a material adverse effect on the Group's consolidated statement of financial position or on the results of its operations.

(b) At 31 March 2020, the Group had contingent liabilities in respect of performance bonds, letters of credit and letters of guarantee amounting to QR 406 million (2019: QR 510 million) arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, including its share of joint ventures' contingent liabilities which have been incurred jointly with other investors.

(c) Air transportation activities:
The tax position with respect to air transportation activities in many jurisdictions is determined in accordance with the relevant Double Tax Treaty as applicable. There is an increased focus on the use of Double Tax Treaties by international governments and international governing bodies dictating tax policy. In the case of international airlines, detailed reviews are being conducted by foreign tax authorities to ensure that international airlines remain in compliance with the intended scope of relief under Double Tax Treaties. The Group has reviewed the relevant Double Tax Treaties and has concluded that it remains within the scope of the intended relief. While it is difficult to predict whether foreign tax authorities will concur, if a dispute of this nature were to arise, the Group does not anticipate that there will be a material impact on the Group's consolidated statement of financial position.

The Group files corporate income tax returns and computes its corporate income tax liability where there is a statutory requirement to do so in respect of its air transportation activities in many jurisdictions globally. In certain jurisdictions, the corporate income tax returns are currently under detailed review by the relevant tax authority. Corporate income tax returns contain matters which could be subject to differing or evolving interpretations by the local tax authority. Further in certain jurisdictions, the process of obtaining the approval of the local tax authority in respect of a corporate income tax return – i.e. tax clearance for a particular year may comprise a lengthy time-frame. Resolution of a tax position adopted by way of negotiation or litigation may take several years to complete. While it is difficult to predict the outcome of certain open corporate income tax assessments, the Group does not anticipate that there will be a material impact on the Group's consolidated statement of financial position and a sufficient provision have already been accounted in the Group's books of accounts.

30 CAPITAL COMMITMENTS

Commitments for the purchase of aircraft and engines
The total capital commitments for the purchase of aircraft and engines are as follows:

	2020 ***QR'000***	*2019* *QR'000*
Authorised and contracted	**208,537,617**	224,262,546

Commitments have been entered into for the purchase of aircraft for delivery as follows:

	Number of Aircraft	
	2020	*2019*
Within 1 year	**42**	40
More than 1 year	**159**	165
	201	205

Others
As at 31 March 2020, the Group had raised various order commitments amounting to QR 1,242 million (2019: QR 1,299 million) to purchase rotables, spares and other inventory items. The Group expects to receive these within twelve months.

30 CAPITAL COMMITMENTS (CONTINUED)

Other capital projects

	2020 ***QR'000***	*2019* *QR'000*
Other capital projects	**1,320,353**	651,461

31 RELATED PARTY DISCLOSURES

Related parties represent the Owner and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of transactions with these related parties are approved by the Group's management.

Related party transactions
Transactions with related parties included in the consolidated income statement are as follows:

	2020 ***QR'000***	*2019* *QR'000*
Affiliates and other related parties:		
Income		
Revenue	**29,684**	29,237
Operating income	**81,580**	88,566
Other income	**143,197**	157,472
Interest income	**39,437**	54,171
Expenses		
Finance costs	**45,045**	39,473
Other expenses	**393,454**	307,093

Related party balances
The sales to and purchases from, and banking transactions with related parties are made at terms equivalent to those that prevail in an arm's length transaction. Except for loan given to an associate and an affiliate (Note 16), outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash except otherwise disclosed in the notes to these consolidated financial statements.

Amounts due from and due to related parties and certain other balances are disclosed in Notes 16, and 28 respectively.

Loan to an associate

	2020 ***QR'000***	*2019* *QR'000*
AQA Holding S.P.A. (AQA)	**-**	139,787

31 RELATED PARTY DISCLOSURES (CONTINUED)

Loan to an affiliate

Disclosed in the consolidated statement of financial position is as follows:

	2020 QR'000	*2019 QR'000*
Non-current (net)	**46,711**	-
Current (Note 16)	**6,860**	-
	53,571	-

During the year, the Group provided an interest-bearing loan to an affiliate. The duration of the loan is for a period of 7 years repayable on a quarterly basis and carries interest at a rate of 7.5% per annum. An expected credit loss of QR 124 thousand has been provided in the current year.

In addition to the above, the Group has also entered into transactions, such as purchase of fuel and services, with other Government owned or controlled entities in the normal course of business, including sponsorship agreements.

For credit risk disclosures of expected credit loss on loan to an associate under IFRS 9, please see Note 33.

Compensation of key management personnel

The remuneration of members of key management during the year is as follows:

	2020 QR'000	*2019 QR'000*
Short-term benefits	**51,590**	46,247
Employees' end of service benefits and pension benefits	**2,836**	2,640
	54,426	48,887

32 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Fuel hedging related derivative instruments

The Group's earnings are affected by changes in the price of jet fuel. The Group's strategy for managing the risk on fuel price, as defined by the management, aims to provide the Group with protection against sudden and significant increases in jet fuel prices. In meeting these objectives, the fuel risk management programme allows for the judicious use of approved instruments such as swaps and options with approved counterparties and within approved credit limits.

The Group manages this fuel price risk by using commodity swaps and commodity option contracts and hedging up to 2 years forward using a mix of these instruments. IFRS 9 permits hedge accounting of risk components provided they are separately identifiable and reliably measurable. Crude oil derivatives, which were previously designated as a proxy hedge for forecasted jet fuel consumptions, are now designated in qualifying cash flow hedges of the crude oil risk component of highly probable forecasted jet fuel consumptions resulting to a one to one hedge ratio. Accounting ineffectiveness may still arise where the price index of the designated hedging instrument is different to the crude oil benchmark in the geographical location of the hedged jet fuel uplift and when the timing of cash flows from hedging instruments significantly deviate from the timing of cash flows from forecasted jet fuel consumptions.

The Group consider Brent crude to be a separately identifiable and measurable component of jet fuel price. In addition, the Group operates in a geographical area in which Brent is the crude oil benchmark.

The description of the Group risk management strategy and each risk category of risk exposures are discussed further in Note 33 Financial Risk Management.

32 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (CONTINUED)

Fuel hedging related derivative instruments (continued)

Crude oil commodity swaps
The Group has also entered into certain crude oil commodity swaps to mitigate the risk of variability of future cash flows on jet fuel consumptions. These are just purely economic hedges and changes to its value are directly charged to the consolidated income statement within 'General and administrative expenses'.

Foreign exchange forward contracts
The Group is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. Exposure arises due to exchange rate fluctuations between the Qatar Riyal (QR) and other currencies generated from revenue earnings. The Group's management monitors currency positions on a regular basis and provides for the appropriate hedging strategy through the use of forward foreign exchange contracts with approved counterparties and within approved credit limits.

The Group uses forward contracts and hedging to manage a total or a portion of its foreign currency revenue or expenditures in accordance with the Group's foreign currency hedging policy.

Forward element of forward contracts
Cash flow hedges in respect of foreign currency forwards include only the spot element of the forward contracts. IFRS 9 allows the forward element of forward contract to be excluded from the designation of a financial instrument and accounted for as a cost of hedging. The fair value changes related to the forward element are recognised in other comprehensive income and would be reclassified to profit or loss in the same period that the hedged item hits the profit or loss.

Derivative financial instruments included in the consolidated statement of financial position are as follows:

	2020 QR'000	*2019 QR'000*
Derivative assets		
Foreign exchange forward contracts	**72,415**	-
Positive fair value	**72,415**	-
Presented in the consolidated statement of financial position as:		
Current portion	**72,415**	-

	2020 QR'000	*2019 QR'000*
Derivative liabilities		
Crude oil commodity swaps	**131,977**	1,452,819
Jet fuel hedging contracts	**907,362**	-
Negative fair value	**1,039,339**	1,452,819
Presented in the consolidated statement of financial position as:		
Current portion	**951,679**	1,452,819
Non-current portion	**87,660**	-
	1,039,339	1,452,819

The Group is exposed to variability in future cash flows on jet fuel consumptions and foreign currency fluctuations. To hedge these exposures, the Group uses commodity swaps as cash flow hedges of fuel price risks and foreign currency forwards for variability in future foreign currency cash flows.

32 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (CONTINUED)

Forward element of forward contracts (continued)
The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

Risk Category	*Assets*[1] *QR'000*	*Liabilities*[1] *QR'000*	*Hedge ineffectiveness recognised in profit or loss loss* [(2)] *QR'000*	*Amount reclassified from the hedge reserve to profit or loss* [(2)] *QR'000*
Fuel hedges	**-**	**907,362**	**320,594**	**-**
Foreign currency hedges	**72,415**	**-**	**119**	**-**
Crude oil commodity swaps	**-**	**131,977**	**-**	**-**

(1) Fair value of hedging instruments are reported on the face of consolidated statement of financial position as 'derivative financial instruments'.

(2) Hedge ineffectiveness is reported in 'Operating expenses' and amount reclassified from the hedge reserve is included in the consolidated income statement under 'Fuel costs' for jet fuel cash flow hedges and 'gain (loss) on foreign currency exchange' for foreign currency cash flow hedges.

During the year, net loss of QAR 514 million (2019: Nil) relating to the effective portion of jet fuel and foreign currency cash flow hedges was recognised in the consolidated statement of other comprehensive income.

33 FINANCIAL RISK MANAGEMENT

Objective and policies
The Group operates globally and generates revenue in various currencies. The Group's operations carry certain financial and commodity risks, including the effects of changes in jet fuel prices, foreign currency exchange rates, interest rates and the market value of its investments. The Group's overall risk management approach is to moderate the effects of such volatility on its financial performance. The Group's policy is to use derivatives to hedge specific exposures.

The Group's principal financial liabilities comprise interest-bearing loans, lease liabilities, retention payables, trade accounts payable, amounts due to related parties, derivative financial instruments and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade accounts receivable, investment securities, derivative financial instruments, amounts due from related parties, deposits, short-term deposits, other receivables and cash and cash equivalents, which arise directly from its operations.

As derivatives are used for the purpose of risk management, they do not expose the Group to market risk because gains and losses on the derivatives offset losses and gains on the matching asset, liability, revenue or costs being hedged. Moreover, counterparty credit risk is generally restricted to any hedging gain from time to time, and not the principal amount hedged. Therefore, the possibility of a material loss arising in the event of non-performance by counterparty is considered to be unlikely.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. The management periodically reviews and approves the Group's financial risk management policies which are summarised below:

Market risk
Market risk is the risk that changes in market prices, such as interest rates, foreign currency exchange rates, equity prices and fuel prices will affect the Group's profit, equity or value of its holding of financial instruments. The objective of market risk management is to manage and control the market risk exposure within acceptable parameters, while optimizing return.

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

(i) Interest rate risk
The Group's financial assets and liabilities that are subject to interest rate risk comprise of bank deposits and interest-bearing loans.

The Group's exposure to the risk of changes in interest rates relates primarily to the Group's financial assets and liabilities with floating interest rates.

The following table demonstrates the sensitivity of the consolidated income statement to reasonably possible changes in interest rates by 25 basis points, with all other variables held constant. The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates for one year, based on the floating rate financial assets and financial liabilities held at 31 March.

The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown.

	2020 ***QR'000***	*2019* *QR'000*
Effect on profit	**(67,375)**	(47,435)

(ii) Foreign currency risk
Foreign currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign currency exchange rates.

The Group's foreign currency risk exposure arises from services offered and received by the Group in currencies other than the Group's functional currency.

As the Qatari Riyal is pegged to the US Dollar, balances in US Dollar are not considered to represent a significant currency risk. The Group's exposure to currency risk is limited to currencies other than US Dollar and US Dollar pegged currencies.

Trade accounts payable and interest bearing loans include an amount of QR 1,917 million (2019: QR 1,629 million) due in foreign currencies, mainly in Euro, Chinese Yuan, Hong Kong Dollar, Indian Rupee and Great Britain Pound.

Trade accounts receivable includes an amount of QR 1,188 million (2019: QR 2,249 million) in foreign currencies, mainly in Euro, Indian Rupee, Nigerian Naira, Australian Dollar, Hong Kong Dollar, Chinese Yuan, Iranian Rial and Great Britain Pound.

Bank balances includes an amount of QR 1,292 million (2019: QR 1,191 million) in foreign currencies, mainly in Euro, Indian Rupees, Nigerian Naira, Australian Dollar, Chinese Yuan, Iranian Rial and Great Britain Pound.

The following table demonstrates the sensitivity to a reasonably possible change in the Euro, Great Britain Pound, and other foreign exchange rates, with all other variables held constant, of the Group's profit due to changes in the fair value of monetary assets and liabilities held as at 31 March 2020, excluding the effect of foreign exchange forward contracts.

The effect of decreases in foreign exchange rates is expected to be equal and opposite to the effect of the increases shown.

	Effect on profit	
	2020 ***QR'000*** ***5%***	*2019* *QR'000* *5%*
Euro	**(18,469)**	2,668
Great Britain Pound	**7,965**	6,564
Other currencies	**38,653**	81,337
	28,149	90,569

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

(iii) Equity price risk
The following table demonstrates the sensitivity of the effect of cumulative changes in fair value to reasonably possible changes in quoted prices, with all other variables held constant. The effect of decreases in prices is expected to be equal and opposite impact on the equity.

	Changes in equity prices	***Effect on equity***	
		2020 QR'000	*2019 QR'000*
At 31 March			
London Stock Exchange	**+5%**	**219,667**	459,861
Hong Kong Stock Exchange	**+5%**	**90,920**	154,553
Shanghai Stock Exchange	**+5%**	**56,806**	99,752
New York Stock Exchange	**+5%**	**28,376**	116,816
Madrid Stock Exchange	**+5%**	**23,661**	58,463
Qatar Exchange	**+5%**	**22,006**	24,687
Irish Stock Exchange (debt instrument)	**+5%**	**-**	9,057

(iv) Jet fuel price risk
Jet Fuel price risk is the risk of loss to the Group arising from adverse fluctuations in fuel prices. To mitigate the risk, the Group aims to reduce if not eliminate a proportion of the price risk to manage break-even fuel rate and pass-through fuel costs. Management acknowledges that as market condition and risk appetite change, the risk management strategy may change and hence will be reconsidered and revised (as a minimum) as part of the annual review process.

The jet fuel price risk sensitivity analysis below is based on the assumption that all other factors, such as fuel surcharge and uplifted fuel volume, remain constant. The sensitivity analysis is based on contracts that are still outstanding as at the reporting date. Under these assumptions, the effect of increase in both jet fuel and crude oil prices by one US Dollar per barrel, the sensitivity of the consolidated income statement is as follows:

	Changes in fuel price USD/ Barrel	*Effect on profit QR'000*
At 31 March 2020	**+1**	**(75,518)**
At 31 March 2019	+1	(153,470)

The effect of the decreases in both jet fuel and crude oil prices, each by one US Dollar per barrel is expected to be equal and opposite to the effect of the increases shown above.

Credit risk
The Group is exposed to credit risk if counterparties fail to make payments as they fall due in respect of:

- Payment of trade receivables as invoices fall due after being raised
- Contractual cash flows of short-term deposits carried at amortised cost
- Debt security designated as FVOCI

The following credit risk modelling applies:

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)
Especially the following indicators are incorporated:

- External credit rating (as far as available)
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

A default on a financial asset is when the counterparty fails to make contractual payments within determined defaulted days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a loan or receivable for write off when a debtor fails to make contractual payments at a determined default definition. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are fully provided for if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the table below. It is not the practice of the Group to obtain collateral over receivables. The Group evaluates the concentration of risk with respect to trade accounts receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Allowance for expected credit loss on financial assets disclosed in the consolidated income statement is summarised as follows:

	2020 ***QR'000***	*2019* *QR'000*
Trade accounts receivable	**92,264**	43,802
Loan to an associate	**57,012**	139
Loan to an affiliate	**124**	-
Investment in debt securities	**(401)**	59
Short-term deposits	**(686)**	(2,319)
Net	**148,313**	41,681

(i) General approach
General approach is used for short-term deposits, debt securities, loan to an associate and loan to an affiliate. The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of debtor, and adjusts for forward looking macroeconomic data.

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

(i) General approach (continued)
The Group provides for credit losses against these financial assets as follows:

Category	External credit rating	Basis for recognition of allowance for expected credit loss	***31 March 2020*** Estimated gross carrying amount at default	Carrying amount (net of impairment provision)	Allowance for ECL at 31 March 2020	*31 March 2019* Estimated gross carrying amount at default	Carrying amount (net of impairment provision)	Allowance for ECL at 31 March 2019
			QR '000	***QR '000***	***QR '000***	*QR '000*	*QR '000*	*QR '000*
Short-term deposits	Investment grade	12 M ECL	**1,002,310**	**1,001,013**	**1,297**	1,898,371	1,896,388	1,983
Debt security	Investment grade	12 M ECL	-	-	-	181,547	181,146	401
Loan to an associate		12 M ECL	**57,330**	-	**57,330**	140,105	139,787	318
Loan to an affiliate		12 M ECL	**53,695**	**53,571**	**124**	-	-	-

(ii) Simplified approach
For trade accounts receivable, Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The loss allowance provision as at 31 March 2020 is determined as follows; the expected credit losses below also incorporate forward looking information.

2020	***Current – 30 days past due QR '000***	***30 – 60 days past due QR '000***	***61 – 90 days past due QR '000***	***91 – 180 days past due QR '000***	***181 – 360 days past due QR '000***	***More than 360 days past due QR '000***	***Total QR '000***
Expected credit loss rate	**1.31%**	**7.55%**	**4.77%**	**12.43%**	**10.47%**	**54.34%**	**6.12%**
Estimated gross carrying amount	**2,099,245**	**20,379**	**87,617**	**132,927**	**66,778**	**187,384**	**2,594,330**
Expected credit loss	**27,481**	**1,538**	**4,181**	**16,520**	**6,992**	**101,824**	**158,536**

2019	*Current – 30 days past due QR '000*	*30 – 60 days past due QR '000*	*61 – 90 days past due QR '000*	*91 – 180 days past due QR '000*	*181 – 360 days past due QR '000*	*More than 360 days past due QR '000*	*Total QR '000*
Expected credit loss rate	0.37%	15.60%	7.63%	4.05%	12.42%	35.30%	3.17%
Estimated gross carrying amount	3,208,612	38,084	29,577	134,592	99,509	228,674	3,739,048
Expected credit loss	11,738	5,942	2,256	5,456	12,360	80,733	118,485

With respect to credit risk arising from the other financial assets such as deposits, amounts due from related parties and other receivables, the Group's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these assets in the consolidated statement of financial position. Exposures are considered of good credit standing and management believes there is a minimal risk of default thus, expected credit loss is insignificant but being monitored for significant changes in credit risk.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk 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 putting to risk the Group's reputation.

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)
The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of the Group's own reserves. The Group's terms of purchases require amounts to be paid within 30-45 days from the invoice date.

The table below summarises the maturity profile of the Group's financial liabilities at 31 March based on contractual undiscounted payments:

At 31 March 2020	*Less than 1 year QR'000*	*1 to 5 years QR'000*	*> 5 years QR'000*	*Total QR'000*
Interest-bearing loans	**18,299,060**	**11,031,562**	**7,633,742**	**36,964,364**
Lease liabilities	**6,077,032**	**20,278,297**	**13,570,166**	**39,925,495**
Provision for maintenance	**2,827,789**	**6,791,910**	**4,162,753**	**13,782,452**
Trade accounts payable	**3,928,260**	**-**	**-**	**3,928,260**
Derivative financial instruments	**951,679**	**87,660**	**-**	**1,039,339**
Retentions payables	**4,067**	**78,939**	**-**	**83,006**
Amounts due to related parties	**7,973**	**-**	**-**	**7,973**
Other financial liabilities	**415,826**	**-**	**-**	**415,826**
Bank overdraft	**696,930**	**-**	**-**	**696,930**
	33,208,616	**38,268,368**	**25,366,661**	**96,843,645**

At 31 March 2019	*Less than 1 year QR'000*	*1 to 5 years QR'000*	*> 5 years QR'000*	*Total QR'000*
Interest-bearing loans	3,721,302	14,730,075	5,748,026	24,199,403
Trade accounts payable	2,161,164	-	-	2,161,164
Provision for maintenance	2,208,242	4,716,763	1,746,138	8,671,143
Derivative financial instruments	1,452,819	-	-	1,452,819
Retentions payables	54,040	32,466	-	86,506
Amounts due to related parties	14,858	-	-	14,858
Other financial liabilities	669,255	-	-	669,255
	10,281,680	19,479,304	7,494,164	37,255,148

The fair value of the crude oil commodity swaps approximates to the expected gross undiscounted contractual cash flows. The following table shows the gross undiscounted cash flows of crude oil commodity swaps:

	Less than 1 year QR'000	***1 to 5 years QR'000***	***> 5 years QR'000***	***Total QR'000***
At 31 March 2020				
Crude oil commodity swaps				
Outflows	**(131,977)**	**-**	**-**	**(131,977)**

	Less than 1 year QR'000	*1 to 5 years QR'000*	*> 5 years QR'000*	*Total QR'000*
At 31 March 2019				
Crude oil commodity swaps				
Outflows	(1,452,819)	-	-	(1,452,819)

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital management
The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group makes adjustments to its capital structure, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Group may issue new shares or obtain funds from the shareholder. No changes were made in the objectives, policies or processes during the year ended 31 March 2020 and 2019.

Capital, which includes share capital, capital reserve, legal reserve, and accumulated losses is measured at QR 41,198 million as on 31 March 2020 (2019: QR 49,910 million).

34 FAIR VALUES OF ASSETS AND LIABILITIES

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of trade accounts receivable, investment securities, derivative financial instruments, amounts due from related parties, deposits, other receivables, short-term deposits and cash and cash equivalents. Financial liabilities consist of interest-bearing loans, lease liabilities, retention payable, trade accounts payable, accrued expenses, amounts due to related parties, other payables and derivative financial instruments. Derivatives financial instruments consist of crude oil commodity swaps.

Fair value hierarchy
As at 31 March 2020, the Group held the following assets and liabilities measured at fair value. The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1:	quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2:	valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
Level 3:	valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At 31 March 2020	***Level 1 QR'000***	***Level 2 QR'000***	***Level 3 QR'000***
Assets measured at fair value:			
Financial assets at FVOCI	**8,820,557**	**-**	**130,724**
Foreign exchange forward contracts	**-**	**72,415**	**-**
Liabilities measured at fair value:			
Jet fuel hedging contracts	**-**	**907,362**	**-**
Crude oil commodity swaps	**-**	**131,977**	**-**
Unredeemed frequent flyer liabilities	**-**	**-**	**467,839**
At 31 March 2019			
Assets measured at fair value:			
Financial assets at FVOCI	18,463,733	-	78,072
Liabilities measured at fair value:			
Crude oil commodity swaps	-	1,452,819	-
Unredeemed frequent flyer liabilities	-	-	462,191

During the years ended 31 March 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The fair values of jet fuel swap contracts are the mark-to-market values of these contracts. The fair values of WTI/Brent crude oil option/swap contracts were determined by reference to available market information. As the Group hedges its jet fuel requirements in Brent and that the majority of the Group's fuel uplifts are in US Dollar, the Brent price of US Dollar 22.74/bbl were used as the input for market fuel price to the valuation model.

34 FAIR VALUES OF ASSETS AND LIABILITIES (CONTINUED)

The fair values of crude oil commodity swap contracts are the mark-to-market values of these contracts. The fair values of WTI/Brent crude oil swap contracts were determined by reference to available market information.

The fair values of WTI/Brent crude oil swap contracts and foreign exchange forward contracts are determined by reference to available market information and are the mark-to-market values of these derivative contracts as at the end of the reporting date.

35 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur.

Impairment of investment in joint ventures and an associate
The Group determines, at each reporting date, whether there is any objective evidence that the investment in joint ventures and associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint ventures and their carrying value and recognises that amount in the 'share of profit (loss) of joint ventures and associate' in the consolidated income statement.

Impairment of intangibles
The Group determines whether intangibles are impaired at least on an annual basis. This requires an estimation of the value in use and fair value less cost to sell the assets. Estimating the value in use requires the Group to make an estimate of the expected future cash flows and to choose a suitable discount rate.

At the reporting date, these intangibles have been reviewed for impairment and the Group has not noted any indications of impairment.

Ineffectiveness on fuel and foreign currency hedges
As part of its risk management strategy, the Group entered into fuel and foreign currency hedges during the year (Refer Note 32). Following the outbreak and rapid global spread of COVID-19, the Group no longer expects to consume the same volume of jet fuel and foreign currency as initially envisaged given the reduction in the planned operations. Determining the associated recovery and forecasted future fuel consumption and revenue in foreign currencies hedged requires significant judgment. The resulting hedge ineffectiveness charge of QR 321 million has been recognised in the consolidated income statement within 'Operating expenses'.

Classification of investment in financial asset at FVOCI
Judgement is required in assessing the level of control or significant influence over another entity in which the group holds an interest. The Group assessed that it does not have significant influence over its investments in International Airlines Group (IAG) and Jet Suite X (JSX) at the reporting date. As a result of this judgement, the investments are accounted for at FVOCI as described in Note 2. If significant influence was present, the investments would be accounted under the equity method of accounting.

IAS 28: Investments in Associates and Joint Ventures defined significant influence as "power to participate in financial and operating policy decisions of the investee, but not control or joint control over those policies". Significant influence is presumed when an entity owns 20% or more of the voting power of the investee. Significant influence is presumed not to be present when an entity owns less than 20% of the voting power of the investee.

35 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Classification of investment in financial asset at FVOCI (continued)
The Group considered the following factors in assessing whether the Group has significant influence with respect to its investment in IAG:

- During the year and as at the reporting date, the Group does not have any representation on the board or equivalent governing body of IAG
- The Group does not have any representation in IAG management committee or participate in policy-making decisions or processes of IAG
- Transactions between the Group and IAG are routine transactions and there are no other material transactions between the Group and IAG
- There is no interchange of managerial personnel or provision of essential technical information
- There are no potential voting rights

In addition to the above the Group has also considered the applicable laws, regulations and the bylaws of IAG in assessing its ability to exercise significant influence.

The Group considered the following factors in assessing whether the Group has significant influence with respect to its investment in JSX:

- The appointed Director acts in his capacity as an independent director without any influence on the Group
- The Group does not participate in policy-making decision or processes of JSX
- Transactions between the Group and JSX are routine transactions and there are no other material transactions between the Group and JSX
- There is no interchange of managerial personnel or provision of essential technical information
- There are no potential voting rights

Leases - Determining the lease term of contracts with renewal options – Group as a lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Some of the Group leases includes extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

Impairment of non-financial assets
The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and landing rights which have indefinite economic lives are tested for impairment annually and at other times when such indicators exist. The recoverable amounts of cash-generating units have been determined based on the value-in use calculations. These calculations require the use of significant estimates and assumptions. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

The outbreak of COVID-19 impacted the Group's operations. Accordingly, an impairment review was conducted on property, plant and equipment, right-of-use assets and landing rights. The impairment review is carried out at the level of a 'cash-generating unit' (CGU), defined as the smallest identifiable group of assets, liabilities and associated intangible assets that generate cash inflows that are largely independent of the cash flows from other assets or group of assets. On this basis, an impairment review has been conducted by the Group on one CGU. An impairment review was performed on the network airline operations CGU, including passenger, freighter and charter operations, as well as all related ancillary operations.

35 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Impairment of non-financial assets (continued)
The recoverable amount of the network airline operations has been measured based on the value-in-use, using a discounted cash flow model. Cash flow projections are based on the business plan approved by the Board covering a three-year period. Cash flows for the three-year period are projected to increase in line with the long-term growth rate of the main economies in which the Group operates. The pre-tax discount rate applied to the cash flow projections is derived from the Group's post-tax weighted average cost of capital, adjusted for the risk specific to the assets.

No impairment charge has arisen as a result of the review performed on the network airline operations. No possible change in the key assumptions for the network airline operation would cause the carrying amount of the property, plant and equipment, right-of-use assets and landing rights to exceed the recoverable amount.

Allowance for expected credit losses of trade accounts receivable
The Group uses a provision matrix to calculate ECLs for trade accounts receivable. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by Geography, product type, customer type and rating, and coverage by letters of credits and other credit insurance). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the aviation sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. Due to the impact of COVID-19 on global economy, the Group adjusted its assumptions applied in the calculation of the ECLs allowance for the potential impact of the pandemic on its outstanding trade accounts receivables.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 33.

Provision for obsolete and slow-moving inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

At the reporting date, gross inventories were QR 1,628 million (2019: QR 1,628 million) with provision for obsolete and slow-moving inventories amounting to QR 90 million (2019: QR 92 million). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated income statement.

Frequent flyer programme
Due to the unavailability of a directly observable selling price for Qmiles, the management estimated their standalone selling price based on historical redemption data. Management used the weighted average of redemption values obtained from historical redemption transactions to determine an appropriate standalone selling price for a Qmile (a function of values based on services such as: excess baggage, lounge access, upgrades, spending on duty free using miles etc. realized in its redemption transactions). Management also expects breakage from Qmiles expiry based on their analysis of historical redemption trends. The redemption rates were derived using historical redemption data. Estimates of Qmiles revenues as well as remaining frequent flyer programme liability are dependent on updates made to the calculated redemption rates every year.

35 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Revenue recognition
The implementation of IFRS 15 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of revenue. These judgements, estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances.

Revenue Breakage
In calculating the revenue from passenger and cargo ticket breakage, management derived its breakage rate based on an analysis of historical ticket expiry trends. Management believes that the use of expected value method provides the best estimate of the breakage rates based on recent historical information. Management had applied these rates for a portfolio of contracts in estimating the amounts to be recognized as breakage revenue.

Estimated economic useful life of property, plant and equipment
The Group's management estimates the economic useful life of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the estimated residual value and estimated economic useful life annually and future depreciation charges would be adjusted where management believes the estimated economic useful life differ from previous estimates. During the year, the Group has revised the estimated economic useful life of Aircraft modifications and Aircraft spare engines. The revision was made to align the useful life of Aircraft modifications to the respective Aircraft's useful life and useful life of Aircraft spare engines were aligned to the respective Aircraft fleet retirement date.

Management believes that the revised estimated economic useful life and residual value reflect more appropriately the economic useful life and residual value of the assets and are in line with industry practice making the Group's consolidated financial statements more comparable. If the Group had continued with the useful life and residual value as estimated during the previous year, the depreciation charged to the consolidated income statement would have been higher by QR 81 million with a corresponding decrease in the carrying value of the assets. It is not practical to quantify the effect of this change on future periods.

Aircraft maintenance and overhaul expenditure under power-by-hour agreements
The Group has entered into several 'risk-transfer' Power-By-The-Hour (PBTH) agreements with original equipment manufacturers/MROs to cover maintenance services for both owned and leased aircraft components such as aircraft engines and APUs. Determination of whether the risks have been transferred to the service provider may depend on, among other things, the contract, the related rights and obligations of each party in the event of termination and whether contract payments are refundable, contract cost adjustments and true-ups. The assessment would be made at the inception of the contract or after the contract has been substantially modified.

The Group accounts for such provision for maintenance on the contractual PBTH rate per flying hour/cycle consumed at reporting date and using assumptions relating to expected costs including escalation and discount rates commensurate with the expected obligation maturity and long-term maintenance schedules. An estimate is made at each reporting period to ensure that the provision corresponds to the expected costs to be borne by the Group. A significant level of judgement is exercised by management given the long-term nature and diversity of assumptions that go into the determination of the provision.

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

35 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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

The tax losses carried forward relate to subsidiaries that have a history of losses, do not expire, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

Fair value of financial instruments
When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of the financial instruments.

Consolidation
The Group has carried out an assessment of its arrangements with other shareholders, through a review of shareholder agreements and other documentation establishing rights and obligations of the shareholders, for its investments in joint venture and other entities. In assessing whether the Group exercises control over an investee, the Group has considered whether it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group has evaluated its involvement with investees in determining whether the Group has control, joint control or significant influence over such investees. Based on its assessment, the Group has concluded that the accounting classification and treatment reflected in the consolidated financial statements is appropriate.

Going concern
The outbreak of Novel Coronavirus (COVID-19) continues to progress and evolve. The outbreak has significantly affected the worldwide aviation and travel industry.

COVID-19 has resulted in significant operational restrictions limiting the Group to operate its flights at its desired potentials. However, the Group has continued to operate both its passenger and cargo operations as and when the travel restrictions in various countries have been lifted. The management has also taken various measures to manage the impact of COVID-19 on the business including cost saving measures, reassessing capital expenditures, additional financing opportunities including working capital facilities and additional equity injection (Refer Note 18 for equity injection). The management is actively monitoring the situation to ensure it can address the challenge posed by COVID-19 in a timely and most effective manner.

Based on the additional equity injection, availability of external funding and other measures taken by the Group, the management has prepared these consolidated financial statements on a going concern basis.

36 COMPARATIVE FIGURES

(i) Reclassifications:
Certain comparatives for 2019 have been reclassified in order to conform to the presentation for the current year. Such reclassifications were made to improve the quality of presentation and do not affect previously reported profit or equity.

Pursuant to the interpretation issued by the IFRS Interpretation Committee in September 2019, compensation given to passengers due to flight delays and cancellations have been reclassified from previously reported operating expenses to passenger revenue. As a result of which the prior year revenue and operating expenses have been reclassified by QR 94.6 million.

36 COMPARATIVE FIGURES (CONTINUED)

(ii) Restatements

The Group was following the accounting policy of 'capitalize and depreciate' for major maintenance costs of owned/leased engines and Auxiliary Power Units (APUs) covered under Power-By-The-Hour (PBTH) contracts over the estimated life between two shop visits for both owned as well as leased aircraft (for intra-lease period). In case of end of lease obligation for leased aircraft, the Group used to record a provision from the last maintenance cycle till the lease exit date of the aircraft. Consistent with Lease Engine performance restoration, for the Engine Life Limited parts (Engine LLPs) both the 'capitalize and depreciate' and the 'accrue and pay' method are acceptable industry practices.

During the year, the Group has elected the 'accrue and pay' method accounting policy as a voluntary change in accounting policy for the maintenance costs of aircraft components under risk-transfer type PBTH contracts and that of leased engines LLPs which has been applied retrospectively by the Group in accordance with IAS 8.

The effects of the above restatements and reclassification to the consolidated financial statements is shown in the table below:

Impact on the consolidated income statement:

	As reported in the consolidated financial statements as at 31 March 2019 QR'000	*Adjustments 31 March 2019 QR'000*	*As restated 31 March 2019 QR'000*
Revenue	48,021,791	(94,682)	47,927,109
Operating expenses	50,007,815	2,146,513	52,154,328
Finance cost	284,060	205,197	489,257
Gain on disposal of property, plant and equipment	2,317,242	23,561	2,340,803

Impact on the consolidated statement of financial position:

	As reported in the consolidated financial statements as at		*Adjustments*		*As restated*	
	31 March 2019 QR'000	*1 April 2018 QR'000*	*31 March 2019 QR'000*	*1 April 2018 QR'000*	*31 March 2019 QR'000*	*1 April 2018 QR'000*
Property, plant and equipment (Note 10)	63,768,005	64,072,020	(2,499,472)	(1,723,371)	61,268,533	62,348,649
Accounts receivable and prepayments (Note 16)	5,563,451	5,025,251	(186,142)	-	5,377,309	5,025,251
Provision for maintenance (Note 27)	-	-	7,930,890	6,388,239	7,930,890	6,388,239
Accounts payable and accruals (Note 28)	6,662,756	7,146,993	(274,906)	(192,843)	6,387,850	6,954,150
Accumulated losses	(4,139,619)	(2,027,333)	(10,341,598)	(7,918,767)	(14,481,217)	(9,946,100)