

Notes to the Financial Statements
Year ended 31 December 2024

4 Summary of significant accounting policies adopted and consistently applied – revenue

- | | |
|--|--|
| <p>a) Composition (Note 11 on Pg 50)</p> <p>The Company generates revenue from selling:</p> <ul style="list-style-type: none"> - Fuel oil and - Related products. <p>b) The five step model set out in IFRS 15 for recognising revenue from contracts:</p> <p>i) Step 1 – Identify the contract with a customer:</p> <ul style="list-style-type: none"> • A contract is defined as an agreement between two or more parties, • that creates enforceable rights & obligations • and sets out the criteria for every contract that must be met. <p>ii) Step 2 – Identify the performance obligations in the contract:</p> <ul style="list-style-type: none"> • A performance obligation is a promise in a contract with a customer, • to transfer a good or service to the customer. <p>iii) Step 3 – Determine the transaction price:</p> <ul style="list-style-type: none"> • The transaction price is the amount of consideration, • to which the Company expects to be entitled, • in exchange for transferring promised goods or services to a customer, • excluding amounts collected by third parties. <p>iv) Step 4 – Allocate the transaction price to the performance obligations:</p> <ul style="list-style-type: none"> • For a contract that has more than one performance obligation, • a transaction price to each performance obligation is allocated, • in an amount that depicts the amount of consideration, • to which the Company expects to be entitled, • in exchange for satisfying each performance obligation. <p>v) Step 5 – Recognise revenue:</p> <ul style="list-style-type: none"> • Company satisfies performance obligation. | <p>c) Risk analysis</p> <p>i) Credit risk – concentration</p> <ul style="list-style-type: none"> • Definition Note 10 (f) • Recognition & presentation 11 (b) • Exposure - It is normal in the industry in which the Company operates for significant revenue to be concentrated with a few customers. • Mitigation - The risk cannot be mitigated <p>ii) Currency risk</p> <ul style="list-style-type: none"> • Definition Note 10 (g) • Recognition & presentation 11 (c) • Exposure - Invoices are raised on customers in UAE Dirhams or US Dollars, which is pegged to the UAE Dirham. - As a result, the Company is not exposed to any fluctuation of currency risk. • Mitigation - Not required. <p>iii) Interest rate risk</p> <ul style="list-style-type: none"> • Definition Note 10 (h) • Recognition & presentation Unclassified • Exposure - This risk is not relevant for revenue. <p>iv) Market prices risk</p> <ul style="list-style-type: none"> • Definition Note 10 (i) • Recognition & presentation 11 (d) • Exposure - This is a regular feature of the industry in which the Company operates. • Mitigation - Not required. <p>v) Liquidity risk</p> <ul style="list-style-type: none"> • Definition Note 10 (j) • Recognition & presentation 11 (e) • Exposure - The Company has retained most of its customers. • Mitigation - Not required. |
|--|--|

Notes to the Financial Statements
Year ended 31 December 2024

4 Summary of significant accounting policies adopted and consistently applied – revenue (Continued)

d) Trading

i) Stated at

Invoiced value of goods sold net of discounts, recognised when control of goods passes to the buyer, as explained below:

ii) Instance of recognition

- Recognised at a point in time when control is transferred to the customers,
- generally at the time of delivery of goods sold,
- with normal credit term of 30 days upon delivery and
- with no other promises in the contract that are separate performance obligations.

e) Test of control

There is a limited judgement needed in identifying the conditions that define passing of control of goods for recognising revenue, as follows:

i) For local sales

- When physical delivery of the products to the agreed location has occurred,
- the Company no longer has physical possession of the goods,
- a present right to receive payment has been established and
- none of the significant risks and rewards of the goods are retained.

ii) For export sales (if and when carried out)

- When goods are delivered to port of departure for free on board (FOB) sales or
- when goods reach the port of delivery for cost, insurance & freight (CIF) sales.

f) Warranty – conditions

i) Warranty will be invoked

- When the Company is required to replace or mend a defective product,
- the defect is brought to its notice during the warranty period and
- the goods have failed to comply with agreed-upon specifications.

f) Warranty – conditions (Continued)

ii) Recognition

- Warranties are not accounted for as separate performance obligations,
- no revenue is allocated to them and
- a provision is made for the costs of satisfying them, in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

iii) Extended warranties and their recognition

- Accounted as separate performance obligations and
- Recognised on a straight-line basis over the term of the warranty.

g) Other conditions

i) Third party suppliers

Goods may be supplied by the suppliers directly to the customers, when trade routes are more convenient;

ii) Accounting of third party supplies

Such sales executed by the Company are not considered at gross value. Only the difference between the sale and purchase amounts is actually realised by the Company as commission, although the invoicing is done by the Company for the full amount.

iii) Accounting for advances

In respect of contracts where advance is received, revenue is accounted on period basis and the portion relating to future periods is treated as 'Deferred income', which is classified under 'Trade and other payables'.

iv) Accounting for undeterminable income

If contract outcome cannot be measured reliably, revenue is recognised to the extent that the expenses incurred are eligible to be recovered.

Notes to the Financial Statements
Year ended 31 December 2024

4 Summary of significant accounting policies adopted and consistently applied – revenue (Continued)

- | | |
|--|--|
| <p>h) Other income (Note 13 on Pg 52)</p> <p>i) Composition</p> <ul style="list-style-type: none"> • Interest income {See (ii) to (iv) & (i)}
(Except where it is earned from investments) • Foreign exchange gain (net) {See Note 5 (j)} <p>ii) Classification for interest income</p> <ul style="list-style-type: none"> • Where interest income is earned from financial assets at fair value: <ul style="list-style-type: none"> - Added to the net fair value gains/(losses) on the underlying assets and - routed through profit or loss. • Where interest income is earned on financial assets at amortised cost and financial assets at fair value: <ul style="list-style-type: none"> - Calculated using the 'effective interest rate method' {explained at Note 3 (j) (vi)}, - classified as 'Other income' and - routed through other comprehensive income. • Where interest income earned from financial assets held for cash management purposes: <ul style="list-style-type: none"> - Classified as 'Finance income' in the statement of profit or loss and other comprehensive income. • Where interest (income) is earned or accrued from any other source: <ul style="list-style-type: none"> - classified as 'Other income'. <p>iii) Interest income stated at</p> <ul style="list-style-type: none"> - Interest income is accrued taking into account the the 'effective interest rate' {explained at Note 3 (j) (vii)}, - comprises of interest on funds invested and - excludes interest classified as revenue. <p>iv) Exceptions for interest income</p> <ul style="list-style-type: none"> - Interest received on delayed receipts from customers of the Company are stated as a separate line item, although the policy applies to the same in a similar manner. - Interest or dividend earned on funds invested as an investment activity are classified as 'Revenue'. | <p>i) Interest income (risk analysis)</p> <p>i) Credit risk</p> <ul style="list-style-type: none"> • Definition Note 10 (f) • Recognition & presentation 13 (a) • Exposure <ul style="list-style-type: none"> - This is identical to that of the underlying asset on which income is earned. • Mitigation <ul style="list-style-type: none"> - The risk cannot be mitigated. <p>ii) Currency risk</p> <ul style="list-style-type: none"> • Definition Note 10 (g) • Recognition & presentation 13 (a) • Exposure <ul style="list-style-type: none"> - This is proportionate to that of the underlying asset on which income is earned. • Mitigation <ul style="list-style-type: none"> - The risk cannot be mitigated. <p>iii) Fluctuation of interest rate risk</p> <ul style="list-style-type: none"> • Definition Note 10 (h) • Recognition & presentation 13 (a) • Exposure <ul style="list-style-type: none"> - Investments carry a fixed rate of interest that is not expected to fluctuate with time. • Mitigation <ul style="list-style-type: none"> - The risk, if any, is not material. <p>iv) Market prices risk</p> <ul style="list-style-type: none"> • Definition Note 10 (i) • Recognition & presentation 13 (a) • Exposure <ul style="list-style-type: none"> - None of the amounts are invested outside the UAE or the GCC, in general. - The Company is not exposed to risk of losing interest income on account of exposure to different political regions. • Mitigation <ul style="list-style-type: none"> - Not required. <p>v) Liquidity risk</p> <ul style="list-style-type: none"> • Definition Note 10 (j) • Recognition & presentation 13 (a) • Exposure <ul style="list-style-type: none"> - This risk is not relevant for interest income. |
|--|--|