

## **INDEPENDENT ASSURANCE REPORT TO THE SHAREHOLDERS OF ALIJARAH HOLDING Q.P.S.C. (“THE COMPANY”) AND ITS SUBSIDIARIES (TOGETHER “THE GROUP”) ON THE DESCRIPTION OF THE PROCESSES AND INTERNAL CONTROLS AND SUITABILITY OF THE DESIGN, IMPLEMENTATION AND OPERATING EFFECTIVENESS OF INTERNAL CONTROLS OVER FINANCIAL REPORTING**

### **Introduction**

In accordance with Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority (QFMA) Board pursuant to Decision No. (5) of 2016, we have carried out a reasonable assurance engagement over the Board of Directors’ description of the processes and internal controls and assessment of suitability of the design, implementation and operating effectiveness of Alijarah Holding Q.P.S.C. (the “Company’s”) and its subsidiaries (together referred as the “Group’s”) internal controls over financial reporting as at 31 December 2021.

### **Responsibilities of the Board of Directors and Those Charged with Governance**

The Board of Directors of the Company is responsible for preparing the accompanying Directors’ Report on Internal Control over Financial Reporting that covers at the minimum the requirements of Article 4 of the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the QFMA’s Board pursuant to Decision No. (5) of 2016 (the “Code”).

The Board of Directors present the Directors’ Report on Internal Control over Financial Reporting, which includes:

- the Board of Directors’ assessment of the suitability of design, implementation and operating effectiveness of internal control framework over financial reporting;
- the description of the process and internal controls over financial reporting for the processes for Revenue, Receipts and Receivables, Procurement to Payment, Inventory Management, Investment Management, Fixed Assets and Intangible Assets Management, Treasury, Human Resources, IT controls, Entity Level Controls and General Ledger and Financial Reporting;
- the control objectives; identifying the risks that threaten the achievement of the control objectives;
- designing and implementing controls that are operating effectively to achieve the stated control objectives; and
- identification of control gaps and failures; how they are remediated; and procedures set to prevent such failures or to close control gaps.

The Board of Directors is responsible for establishing and maintaining internal financial controls based on the criteria of framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO framework”).

These responsibilities include the design, implementation, operation and maintenance of adequate internal financial controls that if operating effectively would ensure the orderly and efficient conduct of its business, including:

- adherence to Company’s policies;
- the safeguarding of its assets;
- the prevention and detection of frauds and errors;
- the accuracy and completeness of the accounting records;
- the timely preparation of reliable financial information; and
- compliance with applicable laws and regulations, including the QFMA’s law and relevant legislations and the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the QFMA’s Board pursuant to Decision No. (5) of 2016.

### **Our Responsibilities**

Our responsibilities are to express a reasonable assurance opinion on the fairness of the presentation of the “Board of Directors’ description and on the suitability of the design, implementation and operating effectiveness of the Company’s internal controls over financial reporting of Significant Processes” presented in the Directors’ Report on Internal Control over Financial Reporting to achieve the related control objectives stated in that description based on our assurance procedures.

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**Our Responsibilities (continued)**

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) ‘Assurance Engagements Other Than Audits or Reviews of Historical Financial Information’ issued by the International Auditing and Assurance Standards Board (‘IAASB’). This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the Board of Directors’ description of the processes and internal controls over financial reporting is fairly presented and the internal controls were suitably designed, implemented and operating effectively, in all material respects, to achieve the related control objectives stated in the description.

An assurance engagement to issue a reasonable assurance opinion on the description of the processes and internal controls and the design, implementation and operating effectiveness of internal controls over financial reporting at an organization involves performing procedures to obtain evidence about the fairness of the presentation of the description of the processes and internal controls and the suitability of design, implementation and operating effectiveness of the controls. Our procedures on internal controls over financial reporting included, for all significant processes:

- obtaining an understanding of internal controls over financial reporting for all significant processes;
- assessing the risk that a material weakness exists; and
- testing and evaluating the design, implementation and operating effectiveness of internal control based on the assessed risk.

A process is considered significant if a misstatement due to fraud or error in the stream of transactions or financial statement amount would reasonably be expected to affect the decisions of the users of financial statements. For the purpose of this engagement, the processes that were determined as significant are: Revenue, Receipts and Receivables, Procurement to Payment, Inventory Management, Investment Management, Fixed Assets and Intangible Assets Management, Treasury, Human Resources, IT Controls, Entity Level Controls and General Ledger and Financial Reporting.

In carrying out our engagement, we obtained understanding of the following components of the control system:

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| <ol style="list-style-type: none"><li>1. Control Environment<ul style="list-style-type: none"><li>○ Integrity and Ethical Values</li><li>○ Commitment to Competence</li><li>○ Board of Directors and Audit Committee</li><li>○ Management’s Philosophy and Operating Style</li><li>○ Organizational Structure</li><li>○ Assignment of Authority and Responsibility</li><li>○ Human Resource Policies and Procedures</li></ul></li><li>2. Risk Assessment<ul style="list-style-type: none"><li>○ Company-wide Objectives</li><li>○ Process-level Objectives</li><li>○ Risk Identification and Analysis</li><li>○ Managing Change</li></ul></li></ol> | <ol style="list-style-type: none"><li>3. Control Activities<ul style="list-style-type: none"><li>○ Policies and Procedures</li><li>○ Security (Application and Network)</li><li>○ Application Change Management</li><li>○ Business Continuity/Backups</li><li>○ Outsourcing</li></ul></li><li>4. Information and Communication<ul style="list-style-type: none"><li>○ Quality of Information</li><li>○ Effectiveness of Communication</li></ul></li><li>5. Monitoring<ul style="list-style-type: none"><li>○ Ongoing Monitoring</li><li>○ Separate Evaluations</li><li>○ Reporting Deficiencies</li></ul></li></ol> |
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The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the suitability of design, implementation and operating effectiveness, whether due to fraud or error. Our procedures also included assessing the risks that the Board of Directors’ description of the processes and internal controls is not fairly presented and that the controls were not suitably designed, implemented and operating effectively to achieve the related control objectives stated in the Directors’ Report on Internal Control over Financial Reporting.

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**Our Responsibilities (continued)**

An assurance engagement of this type also includes evaluating the Board of Directors’ assessment of the suitability of the control objectives stated therein. It further includes performing such other procedures as considered necessary in the circumstances.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion on the Group’s internal control system over financial reporting.

**Meaning of Internal Controls over Financial Reporting**

An entity’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. An entity’s internal control over financial reporting includes those policies and procedures that:

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorizations of the management of the entity; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity’s assets that could have a material effect on the financial statements, which would reasonably be expected to impact the decisions of the users of financial statements.

**Inherent limitations**

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

Because of the inherent limitations of internal controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Therefore, internal controls over financial reporting may not prevent or detect all errors or omissions in processing or reporting transactions and consequently cannot provide absolute assurance that the control objectives will be met.

In addition, projections of any evaluation of the internal controls over financial reporting to future periods are subject to the risk that the internal control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Furthermore, the controls activities designed, implemented and operated during the period covered by our assurance report will not have retrospectively remedied any weaknesses or deficiencies that existed in relation to the internal controls over financial reporting prior to the date those controls were placed in operation.

Many of the procedures followed by entities to adopt governance and legal requirements depend on the personnel applying the procedure, their interpretation of the objective of such procedure, their assessment of whether the compliance procedure was implemented effectively, and in certain cases would not maintain audit trail. It is also noticeable that the design of compliance procedures would follow best practices that vary from one entity to another and from one country to another, which do not form a clear set of criteria to compare with.

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**Our Independence and Quality Control**

In carrying out our work, we have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ("IESBA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior and the ethical requirements that are relevant in Qatar. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Other information**

The Board of Directors are responsible for the other information. The other information comprises the Annual Report but does not include the Directors' Report on Internal Control over Financial Reporting, and our report thereon, which we obtained prior to the date of this auditor's report.

Our conclusion on the Directors' Report on Internal Control over Financial Reporting does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

We have been engaged by the Company to provide a separate limited assurance report on the Directors' Report on compliance with QFMA's law and relevant legislations including the Code, included within the other information.

In connection with our engagement on the Directors' Report on Internal Control over Financial Reporting, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Directors' Report on Internal Control over Financial Reporting or our knowledge obtained in the engagement, or otherwise appears to be materially misstated.

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


When we read the complete Corporate Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Conclusions**

In our opinion, based on the results of our reasonable assurance procedures:

- the Directors' Report on Internal Control over Financial Reporting fairly presents the Group's system that had been designed as at 31 December 2021; and
- the controls related to the control objectives were suitably designed, implemented and operating effectively as at 31 December 2021, in all material respects, based on the COSO framework.

For and on behalf of Ernst and Young

  
Ahmed Sayed  
Auditor's Registration No. 326  
Doha, Qatar

Date: 20 February 2022

