

Women's Affairs Technical Committee (WATC)
Ramallah - Palestine

Financial Statements and Independent
Auditor's Report

For the Year Ended December 31, 2018

Women's Affairs Technical Committee (WATC)
Ramallah - Palestine

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Independent Auditor's Report

To the General Assembly Women's Affairs Technical Committee (WATC)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Women's Affairs Technical Committee (WATC), (Not for Profit Organization)**, which comprise the statement of financial position as of December 31, 2018, statement of activities, statement of changes in net assets, the statement of cash flows and the statement of functional expenses for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Women's Affairs Technical Committee (WATC), (Not for Profit Organization)** as of December 31, 2018, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are independent of WATC in accordance with the ethical requirements that are relevant to our audit of the financial statement in areas under the jurisdiction of Palestinian Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report "Continued"

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the WATC's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also,

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

Independent Auditor's Report "Continued"

2. 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 internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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 WATC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure 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 WATC to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding Independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Raed Abu El Etham

Raed Abu El Etham / CPA
License No. (109/2002)

Deloitte & Touche (M.E.)
Ramallah - Palestine
October 8, 2019



Women's Affairs Technical Committee (WATC)

Statement of Financial Position As of December 31, 2018

Statement - A

	Note	2018 USD	2017 USD
Assets			
Cash on hand and at banks	4	220,001	257,292
Pledges receivable	5	57,791	41,357
Accounts receivable and advances	6	11,281	3,958
Prepaid expenses	7	9,618	8,962
Total Current Assets		298,691	311,569
Deposits with banks restricted for staff benefits	8	158,636	156,500
Property, plant and equipment	9	25,107	30,272
Total Assets		482,434	498,341
Liabilities and Net Assets			
Liabilities			
Payables and accruals	10	26,503	22,033
Reserve for staff benefits	11	115,616	131,452
Total Liabilities		142,119	153,485
Net Assets			
Unrestricted net assets		232,468	178,850
Investment In property, plant and equipment		25,107	30,272
Temporary restricted net assets	12	82,740	135,734
Total Net Assets (Statement C)		340,315	344,856
Total Liabilities and Net Assets		482,434	498,341

The Accompanying Notes Form an Integral Part of These Financial Statements

Women's Affairs Technical Committee (WATC)

Statement - B

Statement of Activities For the Year Ended December 31, 2018

	Notes	Unrestricted USD	Temporary Restricted USD	Total 2018 USD	Total 2017 USD
Operating Revenues					
Grants	12	-	395,134	395,134	650,688
Other revenues		59,603	-	59,603	95,831
Total Operating Revenues		59,603	395,134	454,737	746,519
Net assets released from restrictions	12	448,128	(448,128)	-	-
		507,731	(52,994)	454,737	746,519
Expenses					
Program Expenses					
Advocacy and Networking		122,937	-	122,937	135,314
Media and Community Awareness		53,460	-	53,460	63,304
Empowerment		35,843	-	35,843	65,287
Capacity Building		122,065	-	122,065	154,401
Total Program Expenses		334,305	-	334,305	418,306
Administrative and general		113,823	-	113,823	161,519
Total Program and Administrative Expenses (Statement E)		448,128	-	448,128	579,825
Depreciation Expense	9	6,803	-	6,803	8,929
Loss (Gain) on Currency Fluctuation		4,347	-	4,347	(10,616)
Total Expenses		459,278	-	459,278	578,138
(Decrease) Increase in Net Assets for the Year (Statement C)		48,453	(52,994)	(4,541)	168,381

The Accompanying Notes Form an Integral Part of These Financial Statements

Women's Affairs Technical Committee (WATC)

Women's Affairs Technical Committee (WATC)

Statement of Changes in Net Assets
For the Year Ended December 31, 2018

Statement - C

	Unrestricted USD	Investment In property, plant and equipment USD	Temporarily restricted USD	Total USD
Net Assets at January 1, 2018	178,850	30,272	135,734	344,856
(Deficit) for the year (Statement B)	48,453	-	(52,994)	(4,541)
Procurement of properties and equipment, net of depreciation	5,165	(5,165)	-	-
Net Assets at December 31, 2018 (Statement A)	232,468	25,107	82,740	340,315
Net Assets at January 1, 2017	79,808	32,187	64,480	176,475
Excess for the year (Statement B)	97,127	-	71,254	168,381
Procurement of properties and equipment, net of depreciation	1,915	(1,915)	-	-
Net Assets at December 31, 2017 (Statement A)	178,850	30,272	135,734	344,856

The Accompanying Notes Form an Integral Part of These Financial Statements

Women's Affairs Technical Committee (WATC)

Statement - D

Statement of Cash Flows
For the Year Ended December 31, 2018

	2018 USD	2017 USD
Cash flows from operating activities		
Cash received from donors	378,700	702,061
Other revenues	59,603	95,831
Cash paid to employees and suppliers	(473,956)	(652,981)
Cash flows (used in) generated from operating activities	(35,653)	144,911
Cash flows from investing activities		
Net procurement of properties and equipment	(1,638)	(7,014)
Cash flows (used in) investing activities	(1,638)	(7,014)
(Decrease) Increase in cash on hand and at banks during the year	(37,291)	137,897
Cash on hand and at banks at beginning of year	257,292	119,395
Cash on hand and at banks at End of Year	220,001	257,292
Adjustments to reconcile change in net assets to net cash generated from Operating Activities		
Change in net assets	(4,541)	168,381
Depreciation	6,803	8,929
Provision for severance pay, net of payments	(15,836)	(20,233)
(Increase) Decrease in pledges receivable	(16,434)	51,373
(Increase) in accounts receivable and advances	(7,323)	(1,769)
(Increase) Decrease in prepaid expenses	(656)	8,092
(Increase) in deposits with banks restricted for staff benefits	(2,136)	(24,476)
Increase (Decrease) in payables and accruals	4,470	(45,386)
Cash flows (used in) generated from operating activities	(35,653)	144,911

The Accompanying Notes Form an Integral Part of These Financial Statements

Women's Affairs Technical Committee (WATC)

Statement - E

Statement of Functional Expenses Year Ended December 31, 2018

	Advocacy and Networking USD	Media and Community Awareness USD	Empowerment USD	Capacity Building USD	Total USD	Administration and General USD	Total 2018 USD
Salaries and related expenses	33,228	21,046	32,762	23,588	110,624	67,372	177,996
Training and seminars	20,716	5,339	150	48,298	74,503	7,656	82,159
Professional fees	45,861	-	-	11,183	57,044	9,382	66,426
Communication	1,253	-	837	454	2,544	633	3,177
Printing, television and radio	2,901	21,532	-	2,883	27,316	2,662	29,978
Stationery and office supplies	3,670	2,969	-	3,838	10,477	5,072	15,549
Transportation	5,743	64	1,703	15,121	22,631	5,481	28,112
Occupancy costs	-	1,867	-	465	2,332	13,196	15,528
Workshops / Meetings	6,065	643	391	8,124	15,223	1,603	16,826
Initiatives	2,000	-	-	8,000	10,000	-	10,000
Miscellaneous	1,500	-	-	111	1,611	766	2,377
Total	122,937	53,460	35,843	122,065	334,305	113,823	448,128

The Accompanying Notes Form an Integral Part of These Financial Statements

Women's Affairs Technical Committee (WATC)

Statement -E

Statement of Functional Expenses Year Ended December 31, 2018

	Advocacy and Networking USD	Media and Community Awareness USD	Empowerment USD	Capacity Building USD	Total USD	Administration and General USD	Total 2017 USD
Salaries and related expenses	40,217	20,550	28,017	20,520	109,304	97,100	206,404
Training and seminars	46,637	6,075	11,585	92,288	156,585	1,680	158,265
Professional fees	13,386	6,090	-	-	19,476	20,003	39,479
Communication	944	266	950	524	2,684	5,432	8,116
Printing, television and radio	2,745	15,049	4,531	1,247	23,572	154	23,726
Stationery and office supplies	-	-	-	538	538	3,556	4,094
Transportation	8,121	381	3,497	2,536	14,535	5,663	20,198
Occupancy costs	128	-	-	1,207	1,335	26,865	28,200
Workshops / Meetings	10,080	-	8,071	15,625	33,776	-	33,776
Initiatives	13,056	14,893	8,636	18,654	55,239	-	55,239
Miscellaneous	-	-	-	1,262	1,262	1,066	2,328
Total	135,314	63,304	65,287	154,401	418,306	161,519	579,825

The Accompanying Notes Form an Integral Part of These Financial Statements

Women's Affairs Technical Committee (WATC)

Notes to the Financial Statements

For the year ended December 31, 2018

1. Organization

Women's Affairs Technical Committee (WATC) was formed in Jerusalem in 1992 as a coalition consist of 8 feminist frameworks. The Committee works to build a democratic free Palestinian society in an independent country that ensures plurality, social justice and equality between women and men. Under a political system that encourages the participation of both genders in deciding their destiny.

Women's Affairs Technical Committee is carrying its operations in the southern and northern Palestinian cities, in addition to Jerusalem through its main office in Ramallah and its branch in GAZA strip. The Committee aims to achieve the following strategic goals:

- Protect women from all forms of discriminations and violent.
- Boost the role of women in decision making process.
- Empower women and emphasizing their rights in participating in the labor sector.
- Improve the implementation of Women's Affairs Technical Committee vision and mission.

2. Summary of Significant Accounting Policies

2.1 Adoption of new and revised International Financial Reporting Standards (IFRSs)

In the current year, The Committee's management considered all new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of IASB, relevant to its activities, that were issued and effective for annual reporting periods ending on December 31, 2018. The application of the new standards and interpretations has no effect on the financial position or the results of operations of the Committee.

2.2 Preparation of Financial Statements

The financial statements have been prepared on the accrual basis of accounting and in conformity with International Financial Reporting Standards.

Women's Affairs Technical Committee (WATC)

Notes to the Financial Statements

For the year ended December 31, 2018

2. Summary of Significant Accounting Policies "Continued"

2.2 Preparation of Financial Statements "Continued"

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. In order to ensure observance of limitations and restrictions placed on the use of the available resources, the accounts are maintained in accordance with the principles of fund accounting. Accordingly, net assets of WATC and changes therein are classified and reported as follows:

- **Unrestricted net assets** - Net assets whose use by WATC is not subject to donor-imposed restrictions.
- **Temporary restricted net assets** - Net assets whose use by the Committee is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and released by actions of WATC pursuant to those donor-imposed stipulations.
- **Investment in property and equipment** - Represents funds invested in property and equipment from unrestricted net assets.
- **Grants** - are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified as unrestricted net assets and reported as net assets released from restrictions.

The statement of activities is a statement of financial activities related to the current year, it is not a performance measure and does not purport to present the net income or loss for the year as would a statement of income for a business enterprise.

The statement of activities includes certain prior-year summarized comparative in total but not by net asset class, i.e. in respect to restrictions and accordingly, such information should be read in conjunction with the Committee's financial statements for the prior year from which the summarized information was derived in order to have sufficient details in conformity with International Financial Reporting Standards.

Women's Affairs Technical Committee (WATC)

Notes to the Financial Statements For the year ended December 31, 2018

2. Summary of Significant Accounting Policies "Continued"

2.3 Contributions

Unconditional Grants and Grants with stipulations that are expected to be met are recognized as increases in temporarily restricted funds and are released to unrestricted funds over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

Amounts received under conditional grants whose conditions are based on future events and actions are deferred and presented under current liabilities and are taken to the statement of activities when the related conditions are met.

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to WATC with no future related costs are recognized in the statement of activities in the period in which they become receivable.

Grants whose primary condition is that WATC should purchase, construct or otherwise acquire non-current assets are recognized under temporarily restricted funds and released to unrestricted funds when the assets are acquired.

Government grants are not recognized until there is reasonable assurance that WATC will comply with the conditions attaching to them and that the grants will be received.

2.4 Foreign Currency Transactions

The financial statements are presented in U.S. Dollar being the currency of the primary economic environment in which WATC operates (its functional currency).

In preparing the financial statements, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the date of the transactions. At the date of the financial statements, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated

Exchange differences are recognized in the statement of activities in the period in which they arise.

Women's Affairs Technical Committee (WATC)

Notes to the Financial Statements For the year ended December 31, 2018

2. Summary of Significant Accounting Policies "Continued"

2.4 Foreign Currency Transactions "Continued"

Exchange rates at year end against USD are detailed as follows:

- Transactions which are expressed or denominated in other currencies are converted into USD equivalent using the exchange rate prevailing on the date of the transaction.
- Assets and liabilities which are denominated or expressed in other currencies are presented at their USD equivalent using the exchange rate prevailing on December 31, 2018 as the following:

	December 31, 2018 USD	2017 USD
Israeli Shekel	0.266	0.288
EURO	1.144	1.183

- All other assets and liabilities are presented in their USD equivalent at their historical values.
- Exchange differences arising from the translation of local currency balances is charged to the statement of activities.

2.5 Properties and Equipment

Property, plant and equipment are stated at cost net of accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets. The yearly depreciation rates are as follows:

Office Furniture	7%
Office Equipment	20%

When the expected recoverable amount is less than the net book value, the property, plant and equipment amount is reduced to the lower of cost or net realizable value and the difference (if any) is included in the statement of activities.

The useful lives of property, plant and equipment are reviewed at the end of each year. In case the expected useful life is different from what was determined before, the change in estimate is recorded in the following years, being as a change in estimate.

Property, plant and equipment are disposed of when there is no expected future benefit from the use of that asset.

Women's Affairs Technical Committee (WATC)

Notes to the Financial Statements

For the year ended December 31, 2018

2. Summary of Significant Accounting Policies "Continued"

2.5 Properties and Equipment "Continued"

A periodic review is performed on assets estimated useful lives and assets that are subject to amortization for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The impairment loss, if any, is reflected in the statement of activities.

2.6 Severance Pay

The Committee provides for severance pay by accruing for one month compensation for each year of service based on the last salary paid during the year.

2.7 Functional Expenses

The Committee allocates its expenses on a functional basis among its various programs and general administration. Expenses that can be identified with a specific program or administration are charged directly. Other expenses that are common to several functions are allocated between functions based on the best estimates and judgment of management.

3. Estimates and Assumptions

The financial statements include certain estimates and assumptions made by management relating to reporting of assets, liabilities, at the statement of financial position date, and the reporting of revenue, expenses, gains, and losses during the year. Actual results may differ from those estimates adopted by the Committee's management. Estimates used in the preparation of the financial statements are the estimations of properties useful lives and calculation of employee's end of service benefits.

4. Cash on hand and at banks

	2018	2017
	USD	USD
Cash on Hand	619	218
Deposits with banks in Shekel	39,443	70,307
Deposits with banks in U.S Dollar	141,980	158,458
Deposits with banks in EURO	37,959	28,309
	<u>220,001</u>	<u>257,292</u>

Women's Affairs Technical Committee (WATC)

Notes to the Financial Statements For the year ended December 31, 2018

5. Pledges receivable

	2018 USD	2017 USD
GIZ	22,374	-
FES 1+2	6,006	-
APS -Alianza	29,411	-
Diakonia	-	21,782
United Nations Relief & Works	-	19,575
	57,791	41,357

6. Accounts receivable and advances

	2018 USD	2017 USD
Due from Employees and Service Providers	11,281	3,958
	11,281	3,958

7. Prepaid Expenses

	2018 USD	2017 USD
Rent	9,537	8,471
Insurance	81	491
	9,618	8,962

8. Deposits with banks restricted for staff benefits

Compositions of restricted deposits with banks and related staff benefits obligations are as follows:

	Amount of Deposit	Amount of Obligation	Excess	
			Amount	Percentage
2018				
Severance Pay	158,636	115,616	43,020	37%
	158,636	115,616	43,020	37%
2017				
Severance Pay	156,500	131,452	25,048	19%
	156,500	131,452	25,048	19%

Women's Affairs Technical Committee (WATC)

**Notes to the Financial Statements
For the year ended December 31, 2018**

9. Property, plant and equipment

	<u>Furniture USD</u>	<u>Equipment USD</u>	<u>Total USD</u>
<u>Year End December 31, 2018</u>			
Cost:			
Beginning as of Jan 1, 2018	40,785	141,072	181,857
Additions	-	1,638	1,638
Ending as of Dec 31, 2018	<u>40,785</u>	<u>142,710</u>	<u>183,495</u>
Accumulated Depreciation:			
Beginning as of Jan 1, 2018	33,370	118,215	151,585
Depreciation	1,447	5,356	6,803
Ending as of Dec 31, 2018	<u>34,817</u>	<u>123,571</u>	<u>158,388</u>
Net Book Value - 2018	<u>5,968</u>	<u>19,139</u>	<u>25,107</u>
	<u>Furniture USD</u>	<u>Equipment USD</u>	<u>Total USD</u>
<u>Year End December 31, 2017</u>			
Cost:			
Beginning as of Jan 1, 2017	40,785	134,058	174,843
Additions	-	7,014	7,014
Ending as of Dec 31, 2017	<u>40,785</u>	<u>141,072</u>	<u>181,857</u>
Accumulated Depreciation:			
Beginning as of Jan 1, 2017	31,492	111,164	142,656
Depreciation	1,878	7,051	8,929
Ending as of Dec 31, 2017	<u>33,370</u>	<u>118,215</u>	<u>151,585</u>
Net Book Value - 2017	<u>7,415</u>	<u>22,857</u>	<u>30,272</u>

Women's Affairs Technical Committee (WATC)

**Notes to the Financial Statements
For the year ended December 31, 2018**

10. Payables and accruals

	2018 USD	2017 USD
Due to Employees	15,976	2,426
Accrued Expenses and Others	10,527	19,607
	<u>26,503</u>	<u>22,033</u>

11. Reserve for staff benefits

	2018 USD	2017 USD
Beginning Balance	131,452	151,685
Indemnities paid during the year	(29,000)	(35,346)
	<u>102,452</u>	<u>116,339</u>
Provision charged for the year	13,164	15,113
Ending Balance	<u>115,616</u>	<u>131,452</u>

Women's Affairs Technical Committee (WATC)

Notes to the Financial Statements For the year ended December 31, 2018

12. Temporary Restricted Net Assets

	Unexpended Grants as of 1-1-2018 USD	Grants Received During the Year USD	Grants Receivable USD	Restricted Grants for 2018 USD	Available Grants 2018 USD	Funds Released in 2018 USD	Unexpended Grants as of 31-12-2018 USD
1 UN Women	3,463	-	-	-	3,463	(3,463)	-
2 MECA	7,500	9,414	-	9,414	16,914	(16,914)	-
3 Alianza Por la Solidarad	23,572	87,216	-	87,216	110,788	(110,788)	-
4 AWDf	15,406	8,986	-	8,986	24,392	(24,392)	-
5 GIZ	8,214	326	21,969	22,295	30,509	(30,509)	-
6 Women Learning Partnership (WLP)	58,900	1,951	-	1,951	60,851	(60,851)	-
7 NDC	2,867	20,698	-	20,698	23,565	(23,565)	-
8 FES 1+2	5,245	55,093	6,006	61,099	66,344	(66,344)	-
9 Santa Polo Municipality	10,567	-	-	-	10,567	(10,567)	-
10 Diakonia	-	48,594	-	48,594	48,594	(48,594)	-
11 APS -Alianza	-	14,063	29,411	43,474	43,474	(43,474)	-
12 UN Trust - Women	-	58,106	-	58,106	58,106	(3,742)	54,364
13 Global Fund	-	29,996	-	29,996	29,996	(1,620)	28,376
14 GIZ-New	-	2,900	405	3,305	3,305	(3,305)	-
	135,734	337,343	57,791	395,134	530,868	(448,128)	82,740

Women's Affairs Technical Committee (WATC)

Notes to the Financial Statements For the year ended December 31, 2018

13. Financial Statements, fair values and risks management

- **Fair Values of Financial Assets and Liabilities:**

The carrying book values of financial assets and liabilities are not materially different from their fair values at the date of the statement of financial position.

- **Operational Risk**

The costs of the programs, administrative expenses as well as property, plant and equipment procurements are significantly financed by donors through donations. The management believes that the funding level in the year 2019 will be sufficient to significantly finance its disbursements and will be consistent with the funding level in the prior years. Furthermore, the management believes that the political and economic conditions prevailing in the area will not materially affect its operations.

- **Credit Risk**

WATC credit risk is primarily attributable to its liquid funds and receivables. The credit risk on liquid funds is limited because they are placed with reputable financial institutions.

- **Interest Rate Risk**

WATC interest rate risk arises from the possibility that changes in market interest rates may affect the value of its interest bearing assets. The management of WATC usually monitors the fluctuation in interest rates in every individual currency in order to maximize the benefits from placements.

- **Currency Risk**

Currency risk arises from the possibility that changes in the exchange rates may affect negatively the value of the financial assets and liabilities in case WATC does not hedge its currency exposure by means of hedging instruments. The management usually distributes its liquid assets over its functional currencies to minimize any possible loss from currency rates fluctuation.

14. Financial Statements Approval

The management has approved the financial statements on September 18, 2019.