Introduction o The war has significantly impacted the stability of the Palestinian economy, exposing risks that are not typical and creating challenges for businesses located and operating in Palestine.The entity seeks to manage its credit risk by monitoring outstanding receivables.Discontinue segments that are not contributing to net income Auditor's Responsibilities for the Audit of the Financial Statements Auditor's responsibility paragraph in Independent Auditor's Report states: "As part of an audit in accordance with ISA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also, 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 Entity'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 the entity to cease to continue as a going concern."Critical Accounting Judgments and Key Sources of Estimation of Uncertainty The preparation of condensed interim consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses.Accounting estimates The Auditor is required to assess Separately assess the inherent and control risk related to accounting estimates at the assertion level taking into account estimation uncertainty, complexity, subjectivity and other inherent risk factors Identify all relevant estimates relating to the financial statements I Risks Disclosure Note - Risk Management a. Liquidity risk: The Entity limits its liquidity risk by ensuring that bank facilities are available.Introduction o The potential fluctuations in commodity prices, foreign exchange rates, restrictions to imports and exports, availability of local materials and services and access to local resources will impact Palestinian companies Going Concern IAS 1 Presentation of Financial Statements requires management, when preparing financial statements, to make an assessment of an entity's ability to continue as a going concern, and whether the going concern assumption is appropriate.It is the assumption that an entity is financially stable enough to meet its obligations It will remain in business for the foreseeable future It will not be liquidated or forced to discontinue operations I Check for indicators, inability to settle its short-term debt that is due within 12 months from year end, recurrent losses, current losses, sufficiency of capital (Business entities) or Net Assets (NGO), major interruptions i..e war or fire or earthquake loss.Estimates Common estimate in FS in Palestine o Valuation of Assets impacting valuation gains or losses, and other comprehensive income o ECL - expected credit loss - Allowance for doubtful accounts Other Allowances i.e. contingencies Sample disclosure on estimates 4.Upon subsequent assessment of actual damage based on valuation reports by independent valuators, recognition of Impairment must be recorded in the accounts and properly reflected in the financial reports (use of auditor's expert needed) War Impact on Insurance Contracts- revenue recognition Decrease in gross written premiums due to lockdown and closures.Key assumptions relating to the future and other key sources of estimation uncertainty at the date of the financial information that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in the individual notes on the relevant items of the financial disclosures below.o Entities with lending activities will need to consider the requirements in IFRS 9 when measuring expected credit losses (ECLs) on loans and trade receivables made or committed to entities and individuals and financial guarantees granted involving such entities.Measurement of Impairment Losses When assessing impairment, entities are required to determine the recoverable amounts of the assets, being the higher of fair value less costs of disposal (FVLCD) and value in use (VIU).IFRS 10 clarifies that an investor is required to reassess whether it controls an investee if the facts and circumstances indicate that there are changes to one of the three elements of control, being power over 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 the amount of the investor's returns.IFRS 10 clarifies that an investor is required to reassess whether it controls an investee if the facts and circumstances indicate that there are changes to one of the three elements of control, being power over 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 the amount of the investor's returns.Increasing default rates in WB due to stopping transfer of Maqqasa funds to PNA and thus not paying government workers beside Workers in the occupied territories of the interior.Subsequent Events Subsequent to the date of the consolidated interim financial statements attached, during the month of October 2023, the Israeli war on the Gaza Strip erupted, resulting in significant destruction affecting all aspects of life.Damage and loss of equipment/furniture owned and located in Gaza strip War Impact on NGOs Sector Decline in donors funding, focus on emergency response More restrictions on signing new contracts with donors like EU and USAID.This led to damage in all business and economic activities in the Gaza Strip and the West Bank, accompanied by numerous market closures and movement restrictions between cities, resulting in the suspension of normal business activities.Decline in the company's profitability due to fluctuations in foreign exchange rates, as most of the company's revenues, expenses, and provisions are denominated in the Shekel, which is the company's primary currency.An asset is impaired when an entity is not able to recover its carrying value, either by using it or selling it. Impairment of Non-Financial Assets Impairment Indicators o Significant changes in commodity prices or other market rates.Fair Value Measurement When valuations are subject to significant measurement uncertainty and there is a wider range of possible estimates of FVM, the entity is required to apply judgement to determine the point within that range that is most representative of FVM in the circumstances.Impairment of Assets Physical Assets in Gaza with substantial impairment Between 7 October to 31, 12-2023 Due to lack of a basis for valuation of damageadequate disclosure and management estimates must be disclosed in notes.Movement restrictions in West Bank, Jerusalem - also applies for business entities Delay in executing projects activities in WB and freezing in Gaza as well.Movement restrictions in West Bank, Jerusalem - also applies for business entities o Delay in executing projects activities in WB and freezing in Gaza as well.o Disclosure is also required when the judgement applied in determining the existence of a material uncertainty is significant There may be a wide range of factors that can affect an entity's going concern assessment.Emphasis Of Matter - Going Concern Based on auditor's professional judgement and indications arising from audit, a paragraph is added following the auditor's opinion if matter is not significant., or manage plan mitigate threat. Damage and loss of equipment/furniture owned and located in Gaza strip War Impact on Banking Sector Closure of Gaza branches and decline on revenues/operations. War Impact on NGOs Sector o Decline in donors funding, focus on emergency response o More restrictions on signing new contracts with donors like EU and USAID.o Significant changes with an adverse effect on the entity that have taken place during the period, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated. Estimates of NRV may be subject to more estimation uncertainty than in the past, and determining the appropriate assumptions may require significant judgement.o IAS 1 requires that, when an entity breaches a covenant on or before the period end, with the effect that the liability becomes payable on demand, it is classified as a current liability. This International Standard on Auditing (ISA 570) deals with the auditor's responsibility in the audit of financial statements with respect to management's use of the going concern assumption in the preparation and presentation of the financial statements. Increased credit risks due to other contracting parties' inability to fulfill their contractual obligations to the Group, especially outstanding receivables and checks for collection from customers and agents. When an entity prepares financial statements, it is required to disclose these material uncertainties in the financial statements in order to make clear to readers that the going- concern assumption used by management is subject to such material uncertainties. Impairment of Non-Financial Assets In the case of assets, there is a significant risk of physical damage or restricted access to assets, as well as the risk of impairment due to a decrease in recoverable amounts. Insurance Recoveries Entities often enter into insurance policies to reduce or mitigate the risk of loss arising from damage to, or loss of, assets or other events. Inventories IAS 2 Inventories generally requires entities to account for inventories at the lower of cost and net realizable value (NRV). Investments in Subsidiaries Investments in subsidiaries are accounted for in accordance with IFRS 10 Consolidated Financial Statements. Investments in Subsidiaries Investments in subsidiaries are accounted for in accordance with IFRS 10 Consolidated Financial Statements. Management Plans Disclosure Examples on intention to mitigate recurrent losses by management in subsequent periods: 1.2.3.4.5.