

ACADF
Financial
Report

2016

INDEPENDENT AUDITOR'S REPORT

**The Board of Directors
ACAD Finance and Development Co.
Ramallah – Palestine**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ACAD Finance and Development Co.(Private Shareholding Company, Ltd.)** ("the Company"), which comprise the statement of financial position as at December 31, 2016, Statement of Income and Other Comprehensive Income, statement of changes in Shareholders' equity and statement of cash flows 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 the "Company" as of December 31, 2016, 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 Financial Statements section of our report. We are independent of the "Company" in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in Palestine, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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



INDEPENDENT AUDITOR'S REPORT (Continued)

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.
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 evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

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.



Deloitte and Touche
Ramallah - Palestine
April 26, 2017

ACAD Finance and Development Co.
Ramallah - Palestine
Statement of Financial Position
As of 31 December 2016

	Note	2016 USD	2015 USD
Assets			
Cash and Cash Equivalent	5	1,790,883	1,121,730
Loans Receivables , Net	6	12,087,446	9,160,600
Accounts and Other Receivable	7	401,521	396,703
Intangible Assets (Software) , Net	8	7,998	9,931
Property, and Equipment , Net	9	227,758	220,960
Total Assets		14,515,606	10,909,924
Liabilities and Shareholders' Equity			
Liabilities			
Loans Payable	10	8,934,539	5,574,353
Due to Arab Center for Agricultural Development		-	49,769
Other Credit Balances	11	190,031	136,521
Provident Fund	12	213,489	136,816
Provision for End of Service Benefits	13	132,434	82,061
Total liabilities		9,470,493	5,979,520
Shareholders' equity			
Paid In Capital	1	5,335,000	5,335,000
Legal Reserve		15,936	4,465
General Risk Reserve	14	121,678	92,027
Accumulated Losses		(427,501)	(501,088)
Net shareholders' equity		5,045,113	4,930,404
Total liabilities and shareholders' equity		14,515,606	10,909,924

The Accompanying Notes Form An Integral Part of These Financial Statements

Finance Manager

General
Manager

**ACAD Finance and Development Co.
Ramallah - Palestine
Statement of Income and Other Comprehensive Income
For the Year Ended 31 December 2016**

	Note	2016 USD	2015 USD
Interest Income from Loans	15	1,818,482	1,334,049
Interest from Deposits		27,393	6,864
Interest expense		<u>(224,223)</u>	<u>(86,263)</u>
Net Interest Income		<u>1,621,652</u>	<u>1,254,650</u>
Expenses			
Salaries and Related Expenses	16	(810,229)	(756,511)
General and Administrative Expenses	17	(538,826)	(501,764)
Depreciation and Amortization	9	(41,899)	(39,368)
Allowance for Impairment of Loans, Net of Recoveries	6	<u>(89,110)</u>	<u>14,603</u>
Total Expenses		<u>(1,480,064)</u>	<u>(1,283,040)</u>
Net Income (Loss) from Operations		141,588	(28,390)
Other Income	18	30,738	107,172
Other charges	19	<u>(36,838)</u>	<u>(34,129)</u>
Net Income before Tax		135,488	44,653
Income tax expense		<u>(20,779)</u>	<u>-</u>
Net Income for the Year		<u>114,709</u>	<u>44,653</u>
Comprehensive Income			
Net Income for the Year		114,709	44,653
Comprehensive Income Items		-	-
Total Comprehensive Income for the Year		<u>114,709</u>	<u>44,653</u>

The Accompanying Notes form An Integral Part of These Financial Statements