

**Teacher Creativity Center
Ramallah – Palestine**

**Financial Statements and Independent
Auditor's Report**

For the Year Ended December 31, 2018

**Teacher Creativity Center
Ramallah - Palestine**

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INDEPENDENT AUDITOR'S REPORT

**To the General Assembly of
Teacher Creativity Center (TCC)
Ramallah**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Teacher Creativity Center (TCC)**, which comprise the statement of financial position as of December 31, 2018, statement of activities, statement of changes in net assets and the 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 **Teacher Creativity Center (TCC)** 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 TCC 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.

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

Those charged with governance are responsible for overseeing the TCC'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 evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the TCC'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 TCC 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.

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.

Deloitte & Touche
Deloitte & Touche (M.E.)
Ramallah - Palestine
July 16, 2019



**Teacher Creativity Center
Statement of Financial Position
As of December 31, 2018**

Statement A

	Notes	2018 USD	2017 USD
Assets			
Cash on Hand and at Banks	4	276,201	112,017
Accounts Receivable and Advances	5	5,888	2,829
Pledges Receivable	6	74,686	37,234
Property and Equipment - Net	7	<u>106,054</u>	<u>115,662</u>
Total Assets		<u>462,829</u>	<u>267,742</u>
Liabilities and Net Assets			
Liabilities			
Payables and Accruals	8	51,287	36,984
Reserve for staff benefits	9	<u>53,374</u>	<u>36,552</u>
Total Liabilities		<u>104,661</u>	<u>73,536</u>
Net Assets:			
Unrestricted Fund (Deficit)		(53,480)	(55,855)
Temporary Restricted	10	305,594	134,399
Investment in Property and Equipment		<u>106,054</u>	<u>115,662</u>
Total Net Assets (Statement C)		<u>358,168</u>	<u>194,206</u>
Total Liabilities and Net Assets		<u>462,829</u>	<u>267,742</u>

The Accompanying Notes Form an Integral Part of These Financial Statements

Teacher Creativity Center
Statement of Activities
For the Year Ended December 31, 2018

Statement B

	Notes	Unrestricted USD	Temporary Restricted USD	Total 2018 USD	2017 USD
Operating Revenues					
Grants	10	-	992,962	992,962	691,174
Other revenues		6,059	-	6,059	1,114
Total operating revenues		6,059	992,962	999,021	692,288
Net assets released from restrictions	10	821,767	(821,767)	-	-
		827,826	171,195	999,021	692,288
Operating Expenses					
Salaries and related expenses		321,576	-	321,576	288,962
Honoraria, technical assistance and training		97,538	-	97,538	62,261
Professional fees		40,929	-	40,929	36,367
Stationery and office supplies		22,576	-	22,576	11,176
Occupancy costs		11,999	-	11,999	12,824
Local transportation, international travel and per diem		83,949	-	83,949	73,254
Publications, printings, editing, and documentation cost		24,347	-	24,347	9,468
Communication		21,028	-	21,028	10,792
Hospitality for workshops		124,020	-	124,020	90,756
Prizes		5,077	-	5,077	4,331
Evaluation		8,500	-	8,500	5,006
Spots and media advertisement		21,998	-	21,998	14,384
Miscellaneous and overhead expenses		35,214	-	35,214	23,473
Total Operating Expenses		818,751	-	818,751	643,054
Loss/(Gain) on currency translation		649	-	649	(630)
Depreciation		12,188	-	12,188	11,734
Written off Grants	7	3,471	-	3,471	4,797
Total Expenses		835,059	-	835,059	658,955
(Decrease) Increase in Net Assets for the Year (Statement C)		(7,233)	171,195	163,962	33,333

The Accompanying Notes Form an Integral Part of These Financial Statements

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

Statement C

	Unrestricted Fund (Deficit) USD	Investment in property and equipment USD	Temporary Restricted USD	Total USD
Net assets at January 1, 2018	(55,855)	115,662	134,399	194,206
Deficit for the year (Statement B)	(7,233)	-	171,195	163,962
Procurement of property and equipment, net of depreciation	9,608	(9,608)	-	-
Net assets at December 31, 2018 (Statement A)	(53,480)	106,054	305,594	358,168
Net assets at January 1, 2017	19,419	121,682	19,772	160,873
Excess (Deficit) for the year (Statement B)	(81,294)	-	114,627	33,333
Procurement of property and equipment, net of depreciation	6,020	(6,020)	-	-
Net assets at December 31, 2017 (Statement A)	(55,855)	115,662	134,399	194,206

The Accompanying Notes Form an Integral Part of These Financial Statements

**Teacher Creativity Center
Statement of Cash Flows
For the Year Ended December 31, 2018**

Statement D

	2018 USD	2017 USD
Cash Flows from Operating Activities		
Cash received from donors	955,510	667,426
Other Revenues	6,059	1,114
Cash Paid to Employees and Suppliers	<u>(794,805)</u>	<u>(621,826)</u>
Cash Flows Generated From Operating Activities	<u>166,764</u>	<u>46,714</u>
Cash Flows from Investing Activities		
Net procurement of properties and equipment	<u>(2,580)</u>	<u>(5,714)</u>
Cash Flows (Used in) Investing Activities	<u>(2,580)</u>	<u>(5,714)</u>
Increase in Cash on hand and at Banks During the Year	164,184	41,000
Cash on Hand and at Banks at Beginning of Year	<u>112,017</u>	<u>71,017</u>
Cash on Hand and at Banks at End of Year	<u>276,201</u>	<u>112,017</u>
Adjustments to Reconcile Change in Net Assets to Cash Generated From Operating Activities:		
Change in Net Assets	163,962	33,333
Depreciation	12,188	11,734
Increase in Reserve for Staff Benefits, Net of Payments	16,822	18,521
Increase in Payables and Accruals	14,303	9,568
(Increase) in Accounts Receivable and Advances	(3,059)	(2,694)
(Increase) in Pledges Receivables	<u>(37,452)</u>	<u>(23,748)</u>
Total Cash Generated From Operating Activities	<u>166,764</u>	<u>46,714</u>

The Accompanying Notes Form an Integral Part of These Financial Statements

Teacher Creativity Center
Notes to Financial Statements
For the Year Ended December 31, 2018

1. Teacher Creativity Center and its Activity

The Teacher Creativity Centre (TCC) is a Palestinian, non-profit, non-governmental organization, established in May 1995, by a group of teachers working in schools in the government, private and UNRWA schools.

Since its inception TCC has worked to ensure a peaceful and secure environment within schools. TCC's goal is to eliminate violence from schools by means of encouraging human rights and civic education culture. TCC has been in the forefront of organizations calling for the integration of civic education and human rights concepts into the entire school curriculum; not only at the Palestinian level but also at the wider Arab World Level.

TCC has successfully implemented a number of studies and training programs in the fields of human rights, democracy and civic education targeted at educators, especially teachers, in the West Bank and the Gaza Strip.

TCC works closely with the Palestinian Ministry of Education and Higher Education to deliver training programs to teachers, principals, supervisors, and senior managerial personnel at the Ministry. In 1997, TCC became an active member of the Palestinian Educational Collective. In 2000, TCC joined the Palestinian Network of Non-governmental Organizations (PNGO) and as a founding member, became part of the steering committee of the Arab Civic Education Network (Civitas) in 2002.

The board of directors has approved the financial statements for the year ended December 31, 2018 in its regular meeting held on July 16, 2019.

2. Summary of Significant Accounting Policies

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

In the current year, The Center'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 center.

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 (IFRS).

Teacher Creativity Center
Notes to 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 TCC and changes therein are classified and reported as follows:

- **Unrestricted net assets** - Net assets whose use by TCC is not subject to donor-imposed restrictions.
- **Temporary restricted net assets** - Net assets whose use by TCC is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and released by actions of TCC pursuant to those donor-imposed stipulations.
- **Revenues** 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.
- **Investment in Property, Plant and Equipment** represents unrestricted fund invested in fixed assets.

The statement of activities is a statement of financial activities related to the current period, it is not a performance measure and does not purport to present the net income or loss for the period 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 Center'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.

**Teacher Creativity Center
Notes to 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 TCC 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 TCC 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 TCC 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 TCC 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.

Teacher Creativity Center
Notes to 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 U.S. Dollar are detailed as follows

- Transactions which are expressed or denominated in other currencies are converted into U.S. Dollar 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 and 2017 as the following:

	December 31,	
	2018	2017
	USD	USD
Israeli Shekel	0.266	0.289
EURO	1.346	1.198

- 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:

Item	Rate
Building	2%
Office Furniture	7%
Office Equipment	20%
Vehicles	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.

Teacher Creativity Center
Notes to Financial Statements
For the Year Ended December 31, 2018

2. Summary of Significant Accounting Policies "Continued"

2.6 Severance Pay

The Centre 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 Provident Fund

The Centre has a defined provident fund plan, which covers all salaries employees. The contribution of the Centre and the employees is equal to 5% of their basic salaries.

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 Centre's management. Estimates used in the preparation of the financial statements are as the following:

Employees Indemnities; Provision for employee's end of service benefits is calculated in accordance with Palestinian labor law in effect in Palestine.

Property, Plant and equipment; 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.

4. Cash on Hand and at Banks

	2018	2017
	USD	USD
Deposits with banks in USD	246,598	85,568
Deposits with banks in NIS	1,087	(2,848)
Deposits with banks in Euro	27,360	25,016
Deposits with banks in USD - Restricted for Staff Benefits	1,156	4,281
	<u>276,201</u>	<u>112,017</u>

Teacher Creativity Center
Notes to Financial Statements
For the Year Ended December 31, 2018

5. Accounts Receivable and Advances

	2018	2017
	USD	USD
Due from employees	348	750
Other receivables	5,540	2,079
	<u>5,888</u>	<u>2,829</u>

6. Pledges Receivable

	2018	2017
	USD	USD
Results Educational Fund BY Global Campaign for Education	2,500	16,797
Right to Play	8,225	6,822
Save The Children - Gaza 2018	3,327	4,540
Alternatives	8,077	3,977
Aman - Integrity Clubs	-	3,587
Save The Children - Gaza Emergency Activities 2018	-	1,511
Integrity Action 2017-2018	12,996	-
Government of Luxembourg	35,046	-
GVC	4,515	-
	<u>74,686</u>	<u>37,234</u>

Teacher Creativity Center
Notes to Financial Statements
For the Year Ended December 31, 2018

7. Property and Equipment - Net

	Office Furniture USD	Office Equipments USD	Building USD	Vehicle USD	Total USD
Cost					
Balance as of January 1, 2018	40,121	131,861	109,659	25,952	307,593
Additions	-	2,580	-	-	2,580
Balance as of December 31, 2018	40,121	134,441	109,659	25,952	310,173
Accumulated Depreciation					
Balance as of January 1, 2018	28,222	99,241	53,451	11,017	191,931
Depreciation	1,553	5,980	2,059	2,596	12,188
Balance as of December 31, 2018	29,775	105,221	55,510	13,613	204,119
Net Book Value as of December 31, 2018	10,346	29,220	54,149	12,339	106,054
Cost					
Balance as of January 1, 2017	40,121	126,147	109,659	25,952	301,879
Additions	-	5,714	-	-	5,714
Balance as of December 31, 2017	40,121	131,861	109,659	25,952	307,593
Accumulated Depreciation					
Balance as of January 1, 2017	26,130	94,258	51,387	8,422	180,197
Depreciation	2,092	4,983	2,064	2,595	11,734
Balance as of December 31, 2017	28,222	99,241	53,451	11,017	191,931
Net Book Value as of December 31, 2017	11,899	32,620	56,208	14,935	115,662

Teacher Creativity Center
Notes to Financial Statements
For the Year Ended December 31, 2018

8. Payables and Accruals

	2018	2017
	USD	USD
Professional fees	4,640	5,800
Due to employees and other	39,352	31,184
Postdated Cheques	7,295	-
	<u>51,287</u>	<u>36,984</u>

9. Reserve for Staff Benefits

	2018	2017
	USD	USD
Severance Pay	48,166	31,344
Provident Fund	5,208	5,208
	<u>53,374</u>	<u>36,552</u>

Movement in the provisions during the years 2018 and 2017 are as follows:

Severance Pay:

	2018	2017
	USD	USD
Balance, beginning of year	31,344	11,889
Additions during the year	20,954	20,334
Payments	(4,132)	(879)
Balance, end of year	<u>48,166</u>	<u>31,344</u>

Provident Fund:

	2018	2017
	USD	USD
Balance, beginning of year	5,208	6,142
Additions during the year *	-	-
Payments	-	(934)
Balance, end of year	<u>5,208</u>	<u>5,208</u>

* Starting from January 1, 2017; the management of the center in agreement with the center's employees decided to suspense the subscription in the fund and not to deduct employee's shares from the salaries.

**Teacher Creativity Center
Notes to Financial Statements
For the Year Ended December 31, 2018**

10. Temporary Restricted Net Assets

	Unexpended Grants as of 01-01-2018 USD	Grants Received During the Year USD	Pledges Receivable USD	Restricted Grants for 2018 USD	Available Grants 2018 USD	Funds Released in 2018 USD	Unexpended Grants as of 31-12-2018 USD
Global Campaign For Education - CSEF2016-2018	12,956	278,490	-	278,490	291,446	268,153	23,293
CSEF - CAPACITY BUILDING	24,897	-	-	-	24,897	-	24,897
CSEF - Palestinian Coalition 2016	9,682	-	-	-	9,682	-	9,682
CSEF - Palestinian Coalition 2017	23,384	-	-	-	23,384	6,906	16,478
CSEF - Palestinian Coalition 2018	-	76,500	-	76,500	76,500	66,351	10,149
Save The Children - Gaza Emergency Activities 2017	626	-	-	-	626	626	-
Save The Children - Gaza 2018	-	29,361	3,327	32,688	32,688	32,688	-
Swedish Organization for Individual Relief	-	58,197	-	58,197	58,197	58,197	-
Integrity Action 2017-2018	-	54,582	12,996	67,578	67,578	67,578	-
Integrity Action 2018-2019	-	5,588	-	5,588	5,588	3,778	1,810
Right to Play	-	46,658	8,225	54,883	54,883	54,883	-
Varkey Foundation	8,463	-	-	-	8,463	5,759	2,704
DVV	-	3,480	-	3,480	3,480	3,480	-
Resulats Educational Fund BY Global Campaign for Education 2018	-	-	2,500	2,500	2,500	2,500	-
Government of Luxembourg	41,740	70,004	35,046	105,050	146,790	146,790	-
Rosa Luxembourg	-	10,784	-	10,784	10,784	10,784	-
Alternatives	-	9,807	8,077	17,884	17,884	17,884	-
Aman - Integrity Clubs 2017-2018 PHASE 1	-	6,779	-	6,779	6,779	6,779	-
Aman - Integrity Clubs 2018-2019 PHASE 2	-	10,515	-	10,515	10,515	10,515	-
Biladi Centro Cultural Palestino	12,651	-	-	-	12,651	2,816	9,835
GVC	-	9,288	4,515	13,803	13,803	13,803	-
Open Scoity Fund- Lebanon Conference	-	24,986	-	24,986	24,986	24,986	-
Open Scoity Fund - project of 2019	-	87,486	-	87,486	87,486	-	87,486
Campaign for the Children of Palestine (CCP) W.B	-	84,071	-	84,071	84,071	13,128	70,943
Campaign for the Children of Palestine (CCP) Gaza	-	51,700	-	51,700	51,700	3,383	48,317
	134,399	918,276	74,686	992,962	1,127,361	821,767	305,594

Teacher Creativity Center
Notes to Financial Statements
For the Year Ended December 31, 2018

11. Financial Instruments, 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:**

TCC 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**

TCC 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 TCC 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 TCC 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.