

**SERVICE SOCIAL POUR LE BIEN ÊTRE
DE L'ENFANT AU LIBAN (SESOBEL)**

FINANCIAL STATEMENTS

30 JUNE 2016



EY

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF SERVICE SOCIAL POUR LE BIEN ÊTRE DE L'ENFANT AU LIBAN (SESOBEL)

We have audited the accompanying financial statements of Service Social Pour le Bien-Être de L'Enfant au Liban ('the Association'), which comprise the statement of financial position as at 30 June 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' Responsibility

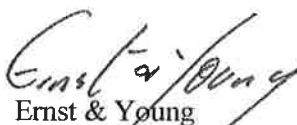
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all materials respects, the financial position of the Association as at 30 June 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.


Ernst & Young

24 October 2016
Beirut, Lebanon

Service Social Pour le Bien-Être de L'Enfant au Liban (Sesobel)

STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2016

	<i>Notes</i>	<i>2016</i> <i>LL (000)</i>	<i>2015</i> <i>LL (000)</i>
Revenues		2,136,610	2,047,214
Cost of revenues		(863,561)	(887,339)
GROSS MARGIN		1,273,049	1,159,875
Donations	3	6,417,210	7,421,395
Other revenues	4	3,387,665	3,373,787
General and administrative expenses	5	(8,551,215)	(7,581,816)
Donation expenses	6	(3,079,407)	(3,737,392)
Other expenses	7	(239,929)	(305,174)
Finance income, net		107,237	56,414
Other income		150,271	144,108
Gain (loss) on sale of property and equipment		5,699	(2,300)
(Loss) gain on exchange		(16,123)	7,526
(LOSS) PROFIT FOR THE YEAR		(545,543)	536,423
Other comprehensive income		-	-
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		(545,543)	536,423

The attached notes 1 to 19 form part of these financial statements.

Service Social Pour le Bien-Être de L'Enfant au Liban (Sesobel)

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	2016 LL (000)	2015 LL (000)
ASSETS			
Non-current assets			
Property and equipment	8	6,300,564	5,175,521
Intangible assets	9	119,457	179,438
Deposits		5,764	5,764
		<u>6,425,785</u>	<u>5,360,723</u>
Current assets			
Inventories	10	1,005,408	720,033
Accounts receivable and prepayments	11	3,617,113	3,312,219
Bank balances and cash	12	2,980,462	2,841,532
		<u>7,602,983</u>	<u>6,873,784</u>
TOTAL ASSETS		<u>14,028,768</u>	<u>12,234,507</u>
EQUITY AND LIABILITIES			
Equity			
Property and equipment reserve	13	7,364,696	6,238,090
General reserve		738,500	738,500
Accumulated losses		(788,868)	(243,325)
Total equity		<u>7,314,328</u>	<u>6,733,265</u>
Non-current liabilities			
Employees' end of service benefits	14	1,350,824	1,125,251
Long term loan - non current portion	15	114,681	130,833
		<u>1,465,505</u>	<u>1,256,084</u>
Current liabilities			
Accounts payable and accruals	16	5,163,725	4,195,930
Bank overdraft	12	67,470	38,938
Long term loan - current portion	15	17,740	10,290
		<u>5,248,935</u>	<u>4,245,158</u>
Total liabilities		<u>6,714,440</u>	<u>5,501,242</u>
TOTAL EQUITY AND LIABILITIES		<u>14,028,768</u>	<u>12,234,507</u>

The financial statements were authorised for issue on 24 October 2016 by:

Fadia Safi
General Manager



The attached notes 1 to 19 form part of these financial statements.

Service Social Pour le Bien-Être de L'Enfant au Liban (Sesobel)

STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2016

	<i>Property and equipment reserve LL(000)</i>	<i>General reserve LL(000)</i>	<i>Accumulated losses LL(000)</i>	<i>Total LL(000)</i>
Balance at 30 June 2014	4,895,844	738,500	(779,748)	4,854,596
Net movement of property and equipment reserve during the year	1,342,246	-	-	1,342,246
Total comprehensive income for the year	-	-	536,423	536,423
Balance at 30 June 2015	6,238,090	738,500	(243,325)	6,733,265
Net movement of property and equipment reserve during the year	1,126,606	-	-	1,126,606
Total comprehensive loss for the year	-	-	(545,543)	(545,543)
Balance at 30 June 2016	7,364,696	738,500	(788,868)	7,314,328

The attached notes 1 to 19 form part of these financial statements.

Service Social Pour le Bien-Être de L'Enfant au Liban (Sesobel)

STATEMENT OF CASH FLOWS

Year ended 30 June 2016

	Notes	2016 LL(000)	2015 LL(000)
OPERATING ACTIVITIES			
(Loss) profit for the year		(545,543)	536,423
Adjustments for:			
Depreciation and amortization	8&9	346,403	347,541
Write-back of provision for end of service benefits	14	(1,129)	(14,118)
(Gain) loss on disposal of property and equipment		(5,699)	2,300
Provision for end of service benefits	14	227,309	151,840
		<u>21,341</u>	<u>1,023,986</u>
Working capital changes:			
Trade receivables		(304,894)	(557,518)
Inventory		(285,375)	(18,743)
Accounts payable and accruals		967,795	1,322,309
Cash from operating activities		<u>398,867</u>	<u>1,770,034</u>
End of service benefits paid	14	(607)	(61,329)
Net cash from operating activities		<u>398,260</u>	<u>1,708,705</u>
INVESTING ACTIVITIES			
Purchases of property and equipment (1)		(298,285)	(173,806)
Purchases of intangible assets		-	(24,000)
Proceeds from disposal of property and equipment		19,125	-
Net cash used in investing activities		<u>(279,160)</u>	<u>(197,806)</u>
FINANCING ACTIVITIES			
Long term loan	15	(8,702)	(126)
Net cash used in financing activities		<u>(8,702)</u>	<u>(126)</u>
INCREASE IN CASH AND CASH EQUIVALENTS			
		<u>110,398</u>	<u>1,510,773</u>
Cash and cash equivalents at 1 July		2,802,594	1,291,821
CASH AND CASH EQUIVALENTS AT 30 JUNE	12	<u><u>2,912,992</u></u>	<u><u>2,802,594</u></u>

(1) Non cash transactions represent an increase in purchase of property and equipment and a decrease in property and equipment reserve by an amount of LL(000) 1,126,606 (2015: LL(000) 1,342,246).

The attached notes 1 to 19 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2016

1 CORPORATE INFORMATION

Service Social Pour le Bien-Être de l'Enfant au Liban ("the Association") was incorporated in 1977 and officially recognized by the Ministry of Internal Affairs on 15 September 1989.

The objective of the Association is to assist the handicap children to lead a life full of happiness and hope. The Association ensures that the handicap children have a fair role in society covering the rights that the children deserve.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been presented in thousands of Lebanese Lira LL (000).

The financial statements are prepared under the historical cost convention.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2.2 Changes in accounting policies

The accounting policies adopted in the preparation of the separate financial statements are consistent with those used in the previous year, except for the adoption of new amendments effective as of 1 January 2015.

- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
- Annual Improvements 2010-2012 Cycle
- Annual Improvements 2011-2013 Cycle

The adoption of the above amendments did not have a significant impact on the Association's financial position or performance.

2.3 Significant accounting policies

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Association and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The Association assesses its revenue arrangements against specific criteria in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Sales Revenue

Revenue of the Association are recognized when the service is performed, less any discounts and allowances.

Donations

Contributed cash, services and materials are recorded at their fair value upon receipt.

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2016

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant accounting policies (continued)

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight line basis over the estimated useful lives of assets as follows:

Building	20 years
Plant and equipment	6 - 10 years
Office and computer equipment	5 years
Motor Vehicles	5 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognized in the income statement as the expense is incurred.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive income when the asset is derecognized.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs are those expenses incurred in bringing each product to its present location and condition using the weighted average cost basis. Net realizable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2016

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant accounting policies (continued)

Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less.

Employees' end of service benefits

The Association provides end of service benefits to its employees in accordance with the Lebanese labor and social security laws. The entitlement to these benefits is usually based upon employees' length of service, the employees' salaries, the Association's contribution to the National Social Security Fund and other requirements outlined in the Lebanese labor law. The expected costs of these benefits are accrued over the period of employment.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

Term loans are carried on the statement of financial position at their principal amounts. Installments due within one year are shown as a current liability. Interest is charged as an expense as it accrues.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognized when the Association has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Foreign currency transactions

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the statement of comprehensive income.

Fair values

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

3 DONATIONS

	<i>2016</i>	<i>2015</i>
	<i>LL (000)</i>	<i>LL (000)</i>
Donations in kind	3,001,610	3,709,251
Cash donations:		
Donations from locals	2,475,971	2,725,978
Donations from foreigners	751,244	795,786
Others	188,385	190,380
	<u>6,417,210</u>	<u>7,421,395</u>

Service Social Pour le Bien-Être de L'Enfant au Liban (Sesobel)

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2016

4 OTHER REVENUES

	<i>2016</i> <i>LL (000)</i>	<i>2015</i> <i>LL (000)</i>
Parents refund	2,831,743	2,578,998
Revenue from self-financing activities	491,869	726,738
Revenue from emergency aid	64,053	68,051
	<u>3,387,665</u>	<u>3,373,787</u>

5 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>2016</i> <i>LL (000)</i>	<i>2015</i> <i>LL (000)</i>
Salaries and related benefits	4,963,920	4,485,672
External therapy fees	1,971,775	1,509,316
Depreciation (Note 8)	286,422	291,864
Amortization (Note 9)	59,981	55,677
Transportation expenses	417,052	377,704
Repair and maintenance	202,299	155,205
Fuel expenses	55,952	74,913
Insurance expenses	86,624	81,143
Car expenses	45,448	49,668
Rent expenses	41,994	39,744
Electricity expenses	42,947	45,585
Professional fees	21,690	17,250
Others	355,111	398,075
	<u>8,551,215</u>	<u>7,581,816</u>

6 DONATION EXPENSES

	<i>2016</i> <i>LL (000)</i>	<i>2015</i> <i>LL (000)</i>
Emergency charges	85,577	62,442
Donations in kind	2,993,830	3,674,950
	<u>3,079,407</u>	<u>3,737,392</u>

7 OTHER EXPENSES

	<i>2016</i> <i>LL (000)</i>	<i>2015</i> <i>LL (000)</i>
Cost of self-financing activities	150,012	208,767
Others	89,917	96,407
	<u>239,929</u>	<u>305,174</u>

Service Social Pour le Bien-Être de L'Enfant au Liban (Sesobel)

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2016

8 PROPERTY AND EQUIPMENT

	<i>Land LL (000)</i>	<i>Building LL (000)</i>	<i>Equipment LL (000)</i>	<i>Office equipment and furniture LL (000)</i>	<i>Motor vehicles LL (000)</i>	<i>Construction in progress LL (000)</i>	<i>Total LL (000)</i>
Cost							
At 1 July 2015	314,506	2,528,503	1,885,578	597,119	409,486	3,305,887	9,041,079
Additions	-	-	78,136	54,626	67,322	1,224,807	1,424,891
Disposals	-	-	(326,855)	(25,240)	(64,071)	-	(416,166)
Transfers	-	-	16,133	-	-	(16,133)	-
At 30 June 2016	314,506	2,528,503	1,652,992	626,505	412,737	4,514,561	10,049,804
Depreciation							
At 1 July 2015	-	1,626,710	1,426,374	541,649	270,825	-	3,865,558
Charge for the year	-	99,881	120,479	26,360	39,702	-	286,422
Related to disposals	-	-	(323,929)	(14,740)	(64,071)	-	(402,740)
At 30 June 2016	-	1,726,591	1,222,924	553,269	246,456	-	3,749,240
Net carrying amount At 30 June 2016	314,506	801,912	430,068	73,236	166,281	4,514,561	6,300,564

	<i>Land LL (000)</i>	<i>Building LL (000)</i>	<i>Equipment LL (000)</i>	<i>Office equipment and furniture LL (000)</i>	<i>Motor vehicles LL (000)</i>	<i>Construction in progress LL (000)</i>	<i>Total LL (000)</i>
Cost							
At 1 July 2014	314,506	2,561,018	1,865,424	573,774	409,486	1,833,334	7,557,542
Additions	-	-	20,154	23,345	-	1,472,553	1,516,052
Disposals	-	(32,515)	-	-	-	-	(32,515)
At 30 June 2015	314,506	2,528,503	1,885,578	597,119	409,486	3,305,887	9,041,079
Depreciation							
At 1 July 2014	-	1,550,098	1,303,916	517,374	232,521	-	3,603,909
Charge for the year	-	106,827	122,458	24,275	38,304	-	291,864
Related to disposals	-	(30,215)	-	-	-	-	(30,215)
At 30 June 2015	-	1,626,710	1,426,374	541,649	270,825	-	3,865,558
Net carrying amount At 30 June 2015	314,506	901,793	459,204	55,470	138,661	3,305,887	5,175,521

9 INTANGIBLE ASSETS

	<i>Software 2016 LL (000)</i>	<i>Software 2015 LL (000)</i>
Cost		
Balance at 1 July	302,317	278,317
Additions	-	24,000
Balance at 30 June	302,317	302,317
Accumulated amortization		
Balance at 1 July	(122,879)	(67,202)
Amortization for the year	(59,981)	(55,677)
Balance at 30 June	(182,860)	(122,879)
Net Carrying amount	119,457	179,438

Service Social Pour le Bien-Être de L'Enfant au Liban (Sesobel)

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2016

10 INVENTORIES

	<i>2016</i> <i>LL (000)</i>	<i>2015</i> <i>LL (000)</i>
Raw material	568,369	374,167
Finished goods	301,479	210,283
Consumables	135,560	135,583
	<u>1,005,408</u>	<u>720,033</u>

Raw material consist of unprocessed chocolate, decorative items, linen, and other basic material needed to produce the final product.

Finished goods consist of chocolate baskets, greeting cards, towels, food supplies, and others.

11 ACCOUNTS RECEIVABLE AND PREPYMENTS

	<i>2016</i> <i>LL (000)</i>	<i>2015</i> <i>LL (000)</i>
Trade accounts receivable	2,678,799	2,818,540
Staff receivable	221,442	162,474
Advances to suppliers	622,599	207,724
Prepaid expenses	89,320	106,881
Other receivables	4,953	16,600
	<u>3,617,113</u>	<u>3,312,219</u>

12 BANK BALANCES AND CASH

	<i>2016</i> <i>LL (000)</i>	<i>2015</i> <i>LL (000)</i>
Cash in hand	19,197	26,677
Bank balances	2,961,265	2,814,855
	<u>2,980,462</u>	<u>2,841,532</u>
Less: bank overdrafts	(67,470)	(38,938)
	<u>2,912,992</u>	<u>2,802,594</u>

Included under bank balances and cash, term deposits denominated in Euro and US Dollars amounting to LL (000) 836,527 (2015: LL (000) 694,009) placed in local commercial banks with commercial interest rates.

13 PROPERTY AND EQUIPMENT RESERVE

	<i>2016</i> <i>LL (000)</i>	<i>2015</i> <i>LL (000)</i>
Balance at 1 July	6,238,090	4,895,844
Additions of property and equipment	1,314,991	1,532,626
Transfer to donations (Note 3)	(188,385)	(190,380)
Balance at 30 June	<u>7,364,696</u>	<u>6,238,090</u>

Service Social Pour le Bien-Être de L'Enfant au Liban (Sesobel)

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2016

14 EMPLOYEES' END OF SERVICE BENEFITS

The movement in the provision for end of service benefits was as follows:

	<i>2016</i>	<i>2015</i>
	<i>LL (000)</i>	<i>LL (000)</i>
Provision as at 1 July	1,125,251	1,048,858
Provided during the year	227,309	151,840
Paid during the year	(607)	(61,329)
Written back during the year	(1,129)	(14,118)
Provision as at 30 June	<u>1,350,824</u>	<u>1,125,251</u>

15 TERM LOANS

On 23 January 2014, the Association signed a term loan agreement with a local commercial bank for an amount of LL (000) 141,123 payable in ninety six equal monthly installments amounting to LL (000) 1,470 each starting on 31 December 2015. The loan bears a yearly interest rate of 1.075% payable monthly.

16 ACCOUNTS PAYABLE AND ACCRUALS

	<i>2016</i>	<i>2015</i>
	<i>LL (000)</i>	<i>LL (000)</i>
Advances from donors	3,571,087	2,545,625
Trade accounts payable	801,045	933,229
Payable to fixed asset suppliers	-	251,408
Retention payable	3,624	127,125
Accrued expenses	49,776	57,424
Payable to National Social Security Fund	53,021	46,851
Other payable	685,172	234,268
	<u>5,163,725</u>	<u>4,195,930</u>

17 RISK MANAGEMENT

Interest rate risk

The Association has no significant exposure to interest rate risk since it does not have significant interest bearing assets and liabilities.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Association is exposed to credit risk on its bank balances, its accounts receivable and certain other asset as reflected in the statement of financial position.

The Association seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

Service Social Pour le Bien-Être de L'Enfant au Liban (Sesobel)

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2016

17 RISK MANAGEMENT (continued)

Liquidity risk

The table below summarizes the maturity profile of the Association's financial liabilities at 31 December based on contractual payments dates and current market interest rates.

Year ended 30 June 2016:

	<i>Less than 3 months LL (000)</i>	<i>3 to 12 months LL (000)</i>	<i>1 to 5 years LL (000)</i>	<i>More than 5 years LL (000)</i>	<i>Total LL (000)</i>
Term loans	4,765	14,213	92,011	26,784	137,773
Bank overdraft	67,470	-	-	-	67,470
Accounts payable	1,486,217	-	-	-	1,486,217
Total	1,558,452	14,213	92,011	26,784	1,691,460

Year ended 30 June 2015:

	<i>Less than 3 months LL (000)</i>	<i>3 to 12 months LL (000)</i>	<i>1 to 5 years LL (000)</i>	<i>More than 5 years LL (000)</i>	<i>Total LL (000)</i>
Term loans	388	11,417	92,973	36,345	141,123
Bank overdraft	38,938	-	-	-	38,938
Accounts payable	1,418,905	-	-	-	1,418,905
Total	1,458,231	11,417	92,973	36,345	1,598,966

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Association is not exposed to currency risk since all its financial assets and liabilities are denominated in US Dollars.

18 COMMITMENTS AND CONTINGENCIES

At 30 June 2016, the Association had contingent liabilities in respect of performance bonds amounting to LL (000) 2,000 (2015: the same).

19 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of bank balances and accounts receivables. Financial liabilities consist of accounts payable and long term loan.

The fair values of financial instruments are not materially different from their carrying values as of the date of the statement of financial position.

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