

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

FINANCIAL STATEMENTS

30 JUNE 2018



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

Opinion

We have audited the financial statements of Service Social Pour le Bien-Être De L'Enfant au Liban (Sesobel) (the "Association"), which comprise the statement of financial position as at 30 June 2018 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including 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 Association as at 30 June 2018 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 Association in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Lebanon, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Management is responsible for overseeing the Association'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.



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Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ▶ 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 risks, 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ 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 Association's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ 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 Association'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 disclosures 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 Association to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management 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.



Ernst & Young

12 February 2019
Beirut, Lebanon

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

	<i>Notes</i>	2018 LL (000)	2017 LL (000)
Revenues		2,043,292	2,107,214
Cost of revenues		(872,897)	(894,088)
GROSS MARGIN		<u>1,170,395</u>	<u>1,213,126</u>
Donations	3	6,853,947	5,834,800
Other revenues	4	3,883,750	4,306,991
General and administrative expenses	5	(8,695,502)	(9,178,164)
Donation expenses	6	(2,768,806)	(2,434,028)
Other expenses	7	(246,998)	(273,583)
Finance income, net		53,164	57,799
Other income		157,405	118,961
Gain (loss) on exchange, net		320	(11,265)
PROFIT(LOSS) FOR THE YEAR		<u>407,675</u>	<u>(365,363)</u>
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		<u><u>407,675</u></u>	<u><u>(365,363)</u></u>

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

At 30 June 2018

	Notes	2018 LL (000)	2017 LL (000)
ASSETS			
Non-current assets			
Property and equipment	8	9,843,176	8,524,346
Intangible assets	9	16,266	63,281
Deposits		12,664	9,664
		<u>9,872,106</u>	<u>8,597,291</u>
Current assets			
Inventories	10	1,170,894	1,264,280
Accounts receivable and prepayments	11	4,736,578	4,127,994
Bank balances and cash	12	2,431,086	1,422,323
		<u>8,338,558</u>	<u>6,814,597</u>
TOTAL ASSETS		<u>18,210,664</u>	<u>15,411,888</u>
EQUITY AND LIABILITIES			
Equity			
Property and equipment reserve	13	10,969,252	9,613,449
General reserve		738,500	738,500
Accumulated losses		(746,556)	(1,154,231)
Total equity		<u>10,961,196</u>	<u>9,197,718</u>
Non-current liabilities			
Employees' end-of-service benefits	14	1,458,671	1,467,184
Term loan – non current portion	15	354,469	95,452
Notes payable – non current portion		9,896	38,432
		<u>1,823,036</u>	<u>1,601,068</u>
Current liabilities			
Accounts payable and accrued expenses	16	5,206,437	4,282,640
Term loan – current portion	15	17,640	17,740
Notes payable – non current portion		28,536	26,806
Bank overdrafts	12	173,819	285,916
		<u>5,426,432</u>	<u>4,613,102</u>
Total liabilities		<u>7,249,468</u>	<u>6,214,170</u>
TOTAL EQUITY AND LIABILITIES		<u>18,210,664</u>	<u>15,411,888</u>

The financial statements were authorised for issue on 12 February 2019 by:

Fadia Safi
General Manager



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