



Cabinet Antoine Haddad

Comptabilité et Expertise

مكتب أنطوان حداد
محاسبة وتدقيق

SERVICE SOCIAL
POUR LE BIEN ETRE DE L'ENFANT
LIBAN
REPORT AND FINANCIAL STATEMENTS
For the year ended 30, June, 2020



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INDEPENDANT AUDITOR'S REPORT
TO THE PRESIDENT AND MEMBERS OF THE GENERAL ASSEMBLY
OF
SERVICE SOCIAL POUR LE BIEN ETRE DE L'ENFANT LIBAN
SESOBEL

The "Association"

Qualified opinion

We have audited the accompanying financial statements of SESOBEL (the "Association"), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss and other 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.

In our opinion, except for the possible effect of the matters describe in the "basis of the qualified opinion" the financial statements present fairly, in all material respects the financial position of SESOBEL as at June 30, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for qualified 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 Code of Ethics of the Lebanese Association of Certified Public Accountants that are relevant to our audit of the financial statements, 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.

The attached financial statements of 30/06/2020 are presented in Lebanese Pounds (LBP) and comprise significant accounts in foreign currencies evaluated at the rate of 1507.5 LBP/USD which is the official rate published by the Central Bank of Lebanon (B.D.L.).

Since the last quarter of 2019, severe political and economic events happened in Lebanon in addition to COVID-19 pandemic. Consequently the economy of the country was almost blocked. Accessing foreign currency become extremely difficult. Banks imposed unofficial capital control, restricted transfer of foreign currency outside Lebanon, reduced cash withdrawals. Moreover cash withdrawals are to be exclusively in LBP regardless the currency of the account.

At this stage a parallel market to the official market starts operating. Several exchange rates emerged

- 1507.50 LBP official rate (B.D.L.)
- 3850 LBP- 3900 LBP another official rate for bank withdrawals and accredited money changers
- 7000 LBP-8000 LBP black market(where to get USD bank notes).

The Association hold in the Lebanese Banks as at 30/06/2020 the amount of 3,515 million LBP of which 46% in foreign currencies. It is not possible to determine the future effects that the restructuring plan and the economic crises could have on the expected credit loses and thus the carrying amount of these assets.

The accompanying financial statements do not include adjustments that could result from the resolution of these uncertainties.

Besides IAS 29 (International Accounting Standards) stated that inflation in Lebanon was less than 10% in 2019, increased significantly to exceed 100% in September 2020 and will continue in the future. It considers that Lebanon will be a hyper-inflationary economy by the end of 2020.

It requires financial statements to be restated into the current purchasing power at the end of the reporting period.

This standard is applicable for period ending on or after 31 December 2020

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 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.

Those charged with governance are 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.



As part of an audit in accordance with ISAs, we exercise professional judgment 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 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.

Zouk Mosbeh, Lebanon 26 October 2020

Independent Auditor



Antoine J. HADDAD
L.A.C.P.A. N° 919

SESOBEL - Financial Position as at 30.06.20 (in KLRP)

<u>Assets</u>	30.06.20	30.06.19	<u>Liabilities</u>	30.06.20	30.06.19
Net book value of Intangible fixed assets	3 460	9 856	Investment subsidies	11 893 445	11 441 817
Net book value of tangible fixed assets	2 911 081	3 073 961	General reserve	959 144	738 500
Construction in progress	7 726 051	7 197 070	Brought Forward results	-1 567 183	-746 557
Deposits	18 464	15 964	Result of the period	1 567 183	-599 982
Total Fixed Assets	10 659 057	10 296 851	Equity	12 852 589	10 833 778
Inventory	1 190 047	1 009 879	Provision for end of service indemnities	1 382 793	1 355 440
Total Goods in Stock	1 190 047	1 009 879	Provision for doubtful debts	0	1 648
Debtors (customers)	36 383	44 855	Borrowings	302 071	458 197
Debtors: External Services	1 456 718	2 493 344	Bills payable N.F.S.S.	0	9 896
Other receivable	355 352	236 915	Long Term Liabilities	1 684 864	1 825 181
Grant Projects	265 377	289 355	N.F.S.S.	41 244	40 924
Donations receivable	370 169	399 962	Taxes due	23 444	20 672
Total Receivables	2 483 999	3 464 431	Payables	1 488 797	2 167 376
Prepaid charges	202 725	227 384	Schooling & hospitalisation payable	20 879	23 427
Deferred charges	0	4 161	Equipments -Projects	2 242 900	1 735 071
Cash & Banks	5 000 641	2 837 833	Constructions - Projects	1 090 033	972 508
Total Current Assets	8 877 412	7 543 688	Deferred income	0	114 394
Total Assets	19 536 469	17 840 539	Accrued expenses	91 718	107 208
			Current Liabilities	4 999 015	5 181 580
			Total Equity & Liabilities	19 536 468	17 840 539

SESOBEL - Income Statement as at 30.06.20 (in KLBP)

	30.06.20	30.06.19
Sales	1 173 589	2 252 049
Donations	5 671 315	3 205 751
Other Income	2 778 814	3 536 894
Write back of amortization provision	236 517	267 267
Write back of end of service provision	3 160	25 163
Operating Income	9 863 395	9 287 124
Less :		
Purchases	573 419	954 009
Inventory Variation	-180 167	161 015
Operating Expenses	5 642 658	6 220 567
Medical fees on services rendered	1 633 800	1 913 220
Donations in kind / Emergency aids	8 556	83 959
Amortization and provision expenses	363 759	559 593
Self-Financing charges	60 012	173 043
Operating charges	8 102 037	10 065 406
Operations Results	1 761 358	-778 282
Financial income	134 091	116 575
Financial charges	-229 758	-96 064
Financial results	-95 667	20 510
Net operational results	1 665 691	-757 772
Non operating income	0	157 790
Non operating Charge	-98 508	0
Non operating results	-98 508	157 790
Net Result	1 567 183	-599 982