



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, 2021



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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
S E S O B E L

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, 2021, 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, 2021, 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 30/06/2021 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.

Over and above, serious events happened in 2020 and 2021 :

- A huge explosion occurred at the port of the capital, Beirut, hundreds died and thousands injured. An important part of the port was destroyed as well as major businesses and residential areas.
- A manifestation in the area of the National Court in Beirut, ended with fire shootings, killing seven people and causing several injuries.
- A diplomatic crisis between Lebanon and the arab countries of the gulf, caused the withdrawal of ambassadors and blocked the trade exchange.

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This aggregation, heavily impacted the economy of the country. The U.S. Dollar on the black market exceeded 20.000 LBP.

Consequently the economy of the country was almost blocked. Accessing foreign currencies 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 at the rate of 3.900 LBP/USD (unofficial hair cut), regardless the currency of the account.

The Association hold in Banks as at 30/06/2021 the amount of 3,981 million LBP of which 66% 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.

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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 9 November 2021

Independent Auditor



Antoine J. HADDAD
L.A.C.P.A. N° 919

SESOBEL - Financial Position as at 30.06.21 (in KLBP)

Assets	30.06.21	30.06.20	Liabilities	30.06.21	30.06.20
Net book value of Intangible fixed assets	14 601	3 460	Investment subsidies	12 153 719	11 893 445
Net book value of tangible fixed assets	2 631 345	2 911 081	General reserve	959 144	959 144
Construction in progress	8 189 430	7 726 051	Brought Forward results	0	-1 567 183
Deposits	18 464	18 464	Result of the period	483 714	1 567 183
Total Fixed Assets	10 853 840	10 659 057	Equity	13 596 577	12 852 589
Inventory	1 782 543	1 190 047	Provision for end of service indemnities	1 614 350	1 382 793
Total Goods in Stock	1 782 543	1 190 047	Borrowings	251 231	302 071
Debtors (customers)	48 191	36 383	Long Term Liabilities	1 865 581	1 684 864
Debtors: External Services	626 806	1 456 718	N.F.S.S.	40 353	44 016
Other receivable	265 115	355 352	Taxes due	23 444	20 672
Grant Projects	351 047	265 377	Payables	1 447 412	1 488 797
Donations receivable	388 652	370 169	Schooling & hospitalisation payable	53 562	20 879
Total Receivables	1 679 811	2 483 999	Equipments -Projects	2 123 869	2 242 900
Prepaid charges	155 122	202 725	Constructions - Projects	650 924	1 090 033
Cash & Banks	5 435 884	5 000 641	Accrued expenses	105 478	91 718
Total Current Assets	9 053 360	8 877 412	Current Liabilities	4 445 042	4 999 015
Total Assets	19 907 200	19 536 469	Total Equity & Liabilities	19 907 200	19 536 468

SESOBEL - Income Statement as at 30.06.21 (in KLBP)

	30.06.21	30.06.20
Sales	2 661 425	1 173 589
Donations	3 189 259	5 671 315
Other Income	2 104 945	2 778 814
Write back of amortization provision	225 180	236 517
Write back of operating provision	82 473	0
Write back of end of service provision	0	3 160
<i>Operating Income</i>	8 263 281	9 863 395
Less :		
Purchases	769 579	573 419
Inventory Variation	-592 497	-180 167
Operating Expenses	6 066 098	5 642 658
Medical fees on services rendered	1 169 706	1 633 800
Donations in kind / Emergency aids	24 309	8 556
Amortization and provision expenses	533 388	363 759
Self-Financing charges	3 372	60 012
<i>Operating charges</i>	7 973 956	8 102 037
Operations Results	289 325	1 761 358
Financial income	1 508 119	134 091
Financial charges	-897 327	-229 758
Financial results	610 791	-95 667
Net operational results	900 117	1 665 691
Non operating income	0	0
Non operating Charge	-416 403	-98 508
Non operating results	-416 403	-98 508
Net Result	483 714	1 567 183