



**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, 2022**



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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"**

**Adverse opinion**

We have audited the accompanying financial statements of SESOBEL (the "Association"), which comprise the statement of financial position as at June 30, 2022, 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, based on of the matters describe in the "basis of the **adverse opinion**" the financial statements do not present fairly, in all material respects the financial position of SESOBEL as at June 30, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Basis of Adverse 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.

1. As at 30.06.2022 the Association held in Lebanese banks the following balances :  
776 163 USD, 143 356 Euros, 879 CAN and 636 1430 477 LBP, all evaluated at  
2 033 million LBP at the official rate published by the Central Bank at 1507.50  
LBP/1USD.

It is not possible to determine the future effects that the restructuring plan and the economic crises could have on the expected credit losses 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.

2. Assets, liabilities and transactions in foreign currencies were translated to the Association's functional currency at the official exchange rate of 1 USD / 1507.50 LBP as published by the Central Bank. Other officially published exchange rates became available through legal exchange mechanisms. The

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rate to be used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date. The effects on the financial statements from failure to use the appropriate rate have not been determined.

3. Because the Government did not achieve its restructuring and economic plan, the Center Bank of Lebanon did not publish a unique exchange rate the Association could not apply the requirements of IAS 29 (Financial Reporting in Hyperinflationary Economics), in the preparation of the accompanying financial statements for the year ended 30.06.2022. IAS 29 requires that the financial statements, and the corresponding figures for previous period of an entity with a functional currency that is hyperinflationary, to be stated in the terms of the measuring unit current at the end of the reporting period. Had the Association applied IAS 29, the accompanying financial statements and the comparative financial information would have been materially affected. Consequently, the effects on the financial statements have not been determined.

### **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 10 November 2022

Independent Auditor



Antoine J. HADDAD  
L.A.C.P.A. N° 919

## SESOBEL - Financial Position as at 30.06.22 (in KLBP)

<b>Assets</b>	<b>30.06.22</b>	<b>30.06.21</b>	<b>30.06.22</b>	<b>30.06.21</b>
Net book value of Intangible fixed assets				
Net book value of tangible fixed assets	21 761	14 601	13 437 377	12 153 719
Construction in progress	3 630 185	2 631 345	959 144	959 144
Deposits	9 172 677	8 189 430	483 714	0
<b>Total Fixed Assets</b>	<b>12 840 086</b>	<b>10 853 840</b>	<b>16 095 690</b>	<b>13 596 577</b>
Inventory	2 501 177	1 782 543	4 998 156	1 614 350
<b>Total Goods in Stock</b>	<b>2 501 177</b>	<b>1 782 543</b>	212 144	251 231
Debtors (customers)	125 029	48 191		
Debtors: External Services	1 750 028	626 806		
Other receivable	517 239	265 115		
Grant Projects	116 159	351 047		
Donations receivable	0	388 652		
<b>Total Receivables</b>	<b>2 508 455</b>	<b>1 679 811</b>	<b>5 210 300</b>	<b>1 865 581</b>
Prepaid charges	233 423	155 122	131 311	43 125
			23 444	20 672
			1 830 476	1 447 412
			45 182	53 562
			2 793 692	2 123 869
			6 311	650 924
			56 479	0
			99 785	105 478
Cash & Banks	8 209 529	5 435 884		
<b>Total Current Assets</b>	<b>13 452 584</b>	<b>9 053 360</b>	<b>4 986 680</b>	<b>4 445 042</b>
<b>Total Assets</b>	<b>26 292 670</b>	<b>19 907 200</b>	<b>26 292 670</b>	<b>19 907 200</b>

  

<b>Liabilities</b>	<b>30.06.22</b>	<b>30.06.21</b>
Investment subsidies		
General reserve		
Brought Forward results		
Result of the period		
<b>Equity</b>	<b>16 095 690</b>	<b>13 596 577</b>
Provision for end of service indemnities	4 998 156	1 614 350
Borrowings	212 144	251 231
<b>Long Term Liabilities</b>	<b>5 210 300</b>	<b>1 865 581</b>
N.F.S.S.	131 311	43 125
Taxes due	23 444	20 672
Payables	1 830 476	1 447 412
Schooling & hospitalisation payable	45 182	53 562
Equipments -Projects	2 793 692	2 123 869
Constructions - Projects	6 311	650 924
Deferred income	56 479	0
Accrued expenses	99 785	105 478
<b>Current Liabilities</b>	<b>4 986 680</b>	<b>4 445 042</b>
<b>Total Equity &amp; Liabilities</b>	<b>26 292 670</b>	<b>19 907 200</b>

**SESOBEL - Income Statement as at 30.06.22 (in KLBP)**

	<b>30.06.22</b>	<b>30.06.21</b>
Sales	10 097 779	2 661 425
Donations	4 490 834	3 189 259
Other Income	3 110 135	2 104 945
Write back of amortization provision	332 717	225 180
Write back of operating provision	0	82 473
Write back of end of service provision	0	0
<b><i>Operating Income</i></b>	<b><i>18 031 465</i></b>	<b><i>8 263 281</i></b>
Less :		
Purchases	1 539 034	769 579
Inventory Variation	-718 634	-592 497
Operating Expenses	16 453 445	6 066 098
Medical fees on services rendered	1 608 043	1 169 706
Donations in kind / Emergency aids	70 122	24 309
Amortization and provision expenses	3 803 301	533 388
Self-Financing charges	19 540	3 372
<b><i>Operating charges</i></b>	<b><i>22 774 852</i></b>	<b><i>7 973 956</i></b>
<b>Operations Results</b>	<b>-4 743 386</b>	<b>289 325</b>
Financial income	12 679 374	1 508 119
Financial charges	-6 318 467	-897 327
<b>Financial results</b>	<b>6 360 907</b>	<b>610 791</b>
<b>Net operational results</b>	<b>1 617 520</b>	<b>900 117</b>
Non operating income	10 000	0
Non operating Charge	-412 065	-416 403
<b>Non operating results</b>	<b>-402 065</b>	<b>-416 403</b>
<b>Net Result</b>	<b>1 215 455</b>	<b>483 714</b>