



**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, 2023**



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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, 2023, 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.

As the statu quo is still prevailing in Lebanon, our opinion expressed in our report for last year is still unchanged.

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, 2023, 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 30.06.2023 the Association held in Lebanese banks the following balances : 560 367 USD (Lollard) rated at 15.000 LBP,  
And 207 825 USD, 13 254 Euros and 807 CAN  
The association held in banks outside Lebanon the following balances  
1.200.865 USD and 40.773 EUR  
All these balances are translated into LBP at the rate of 15.000 LBP even though the market rate is around 90.000 LBP.

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.

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Expert Comptable Assermenté  
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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 / 1.500 LBP till February 2023 and 15.000 LBP starting February 2023 as published by the Central Bank and the Ministry of Finance. Other officially published exchange rates became available through legal exchange mechanisms. The 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 Central 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 30.06.2023. 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.

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 27 Octoberber 2023

Independent Auditor



Antoine J. HADDAD  
L.A.C.P.A. N° 919

## SESOBEL - Financial Position as at 30.06.23 (in KLBP)

<u>Assets</u>	30.06.23	30.06.22	<u>Liabilities</u>	30.06.23	30.06.22
Net book value of Intangible fixed assets	128 321	21 761	Investment subsidies	19 279 196	13 437 377
Net book value of tangible fixed assets	7 000 127	3 630 185	General reserve	959 144	959 144
Construction in progress	12 047 407	9 172 677	Brought Forward results	1 699 169	483 714
Deposits	13 964	15 464	Result of the period	13 101 837	1 215 455
<b>Total Fixed Assets</b>	<b>19 189 819</b>	<b>12 840 087</b>	<b>Equity</b>	<b>35 039 346</b>	<b>16 095 690</b>
Inventory	4 424 170	2 501 177	Provision for end of service indemnities	22 778 942	4 998 156
<b>Total Goods in Stock</b>	<b>4 424 170</b>	<b>2 501 177</b>	Borrowings	149 550	212 144
Debtors (customers)	698 947	125 029	<b>Long Term Liabilities</b>	<b>22 928 492</b>	<b>5 210 300</b>
Debtors: External Services	4 823 432	1 750 028	N.F.S.S.	212 713	131 312
Other receivable	3 323 621	517 239	Taxes due	83 406	23 444
Grant Projects	321 639	116 159	Payables	6 883 655	1 830 476
Donations receivable	258 725	0	Schooling & hospitalisation payable	233 983	45 182
<b>Total Receivables</b>	<b>9 426 364</b>	<b>2 508 455</b>	Equipments -Projects	5 095 737	2 793 692
Prepaid charges	932 010	233 423	Constructions - Projects	3 124 664	6 311
Cash & Banks	40 618 742	8 209 529	Deferred income	69 124	56 479
<b>Total Current Assets</b>	<b>55 401 286</b>	<b>13 452 584</b>	Accrued expenses	919 985	99 785
<b>Total Assets</b>	<b>74 591 105</b>	<b>26 292 671</b>	<b>Current Liabilities</b>	<b>16 623 267</b>	<b>4 986 681</b>
			<b>Total Equity &amp; Liabilities</b>	<b>74 591 105</b>	<b>26 292 671</b>

**SESOBEL - Income Statement as at 30.06.23 (in KLBP)**

	<b>30.06.23</b>	<b>30.06.22</b>
Sales	31 266 433	10 097 779
Donations	8 842 030	4 490 834
Other Income	8 968 156	3 110 135
Write back of amortization provision	606 821	332 717
Write back of operating provision	0	0
Write back of end of service provision	0	0
<b><i>Operating Income</i></b>	<b>49 683 440</b>	<b>18 031 465</b>
Less :		
Purchases	2 920 125	1 539 034
Inventory Variation	-1 922 993	-718 634
Operating Expenses	30 682 807	16 453 445
Medical fees on services rendered	5 092 810	1 608 043
Donations in kind / Emergency aids	227 654	70 122
Amortization and provision expenses	18 518 587	3 803 301
Self-Financing charges	687 135	19 540
<b><i>Operating charges</i></b>	<b>56 206 127</b>	<b>22 774 852</b>
<b>Operations Results</b>	<b>-6 522 686</b>	<b>-4 743 386</b>
Financial income	66 996 748	12 679 374
Financial charges	-46 702 854	-6 318 467
<b>Financial results</b>	<b>20 293 893</b>	<b>6 360 907</b>
<b>Net operational results</b>	<b>13 771 207</b>	<b>1 617 520</b>
Non operating income	0	10 000
Non operating Charge	-669 370	-412 065
<b>Non operating results</b>	<b>-669 370</b>	<b>-402 065</b>
<b>Net Result</b>	<b>13 101 837</b>	<b>1 215 455</b>