

KUNHADI
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

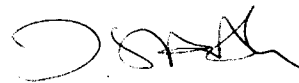
KUNHADI
Financial Statements
For the year ended December 31, 2010

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KUNHADI
Financial Statements
For the year ended December 31, 2010

Kunhadi

Please find attached the financial statements of **Kunhadi**, which comprise the statement of financial position as at December 31, 2010, the financial activities, and the statement of changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory notes as set on pages 6 to 12.



MAZARS
Chartered Accountants
Beirut, December 22, 2011

KUNHADI
Statement of Financial Position
For the year ended December 31, 2010

	Notes	2010 000'LBP	2009 000'LBP
ASSETS			
Current Assets			
Cash at bank and in hand	5	71,423	20,265
Receivables and prepayments	6	17,289	4,050
Due from related parties	7	-	14,950
Total current assets		88,712	39,265
Non Current Assets			
Property, plant & equipment	8	92,185	63,921
Total non-current assets		92,185	63,921
TOTAL ASSETS		180,897	103,186
LIABILITIES			
Current Liabilities			
Payables and accruals	9	186,795	-
Due to related parties	7	22,655	-
Total current liabilities		209,450	-
TOTAL LIABILITIES		209,450	-
NET ASSETS			
Net assets at the beginning of the year		103,186	72,107
Net income (Surplus/Deficit)	10	(131,739)	31,079
Total Net assets		(28,553)	103,186
Total Liabilities and Net assets		180,897	103,186

The notes on pages 6 to 12 form part of these financial statements.

KUNHADI
Statement of Financial Activities
For the year ended December 31, 2010

	Notes	2010 000'LBP	2009 000'LBP
Income	11	639,146	282,615
Expenses	12	(643,146)	(177,104)
Net gross income		(4,000)	105,511
Operating expenses	13	(126,686)	(73,519)
Other operating (Income/Expenses)	14	(1,053)	(913)
Net income (Surplus/Deficit)		(131,739)	31,079

The notes on pages 6 to 12 form part of these financial statements.

KUNHADI
Statement of Changes in Net Assets
For the year ended December 31, 2010

	Net assets 000'LBP	Income (Surplus/Deficit) 000'LBP	Total 000'LBP
Balance as at January 1, 2009	49,901	22,206	72,107
Net income (Surplus/Deficit) 2009	-	31,079	31,079
Appropriation	22,206	(22,206)	-
Balance as at December 31, 2009	72,107	31,079	103,186
Net income (Surplus/Deficit) 2010	-	(131,739)	(131,739)
Appropriation	31,079	(31,079)	-
Balance as at December 31, 2010	103,186	(131,739)	(28,553)

The notes on pages 6 to 12 form part of these financial statements.

1. Formation and object of the Association:

- a. These financial statements encompass the activities of **KUNHADI** which is registered in Lebanon under the Establishment notice No 495.
- b. The address of its registered office is Baabda, Hazmieh, Sayad Street, Fghali Building, first floor.
- c. The objective of the Association is to organize seminars; issue publications in order to raise awareness about road safety, and decrease road car accidents in Lebanon.
- d. These financial statements present the financial position and the results of operations of **KUNHADI** as reflected by those transactions that are recorded by the association and under its responsibility.

2. Summary of significant accounting policies:

The significant accounting policies are set here below:

a. Statement of Preparation:

The financial statements have been prepared under the cash basis.

b. Property and Equipment:

Equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

The Association did not implement any depreciation rate.

c. Impairment of Assets:

At each statement of financial position date, the Association reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the financial activities, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

KUNHADI
Notes to the Financial Statements (continued)
For the year ended December 31, 2010

A reversal of an impairment loss is recognized immediately in the financial activities, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

d. Foreign currency translation:

(a) Functional and presentation currency

Items included in the financial statements of the Association are translated from the currency of the primary economic environment in which the entity operates ('the functional currency') which is the Lebanese Pounds. The financial statements are presented in the Lebanese Pounds.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the financial activities.

e. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings under current liabilities on the statement of financial position.

f. Retirement benefit obligations:

Staff end of service indemnity is made in accordance with the National Social Security Fund legislation and is based on current remuneration rates and cumulative service at the statement of financial position date less amounts actually contributed to the fund.

g. Provisions

Provisions are recognized when the Association has a present obligation as a result of a past event, whereby it is probable that it will result in an outflow of economic benefits that can reasonably be estimated.

h. Income Tax:

The Association is exempted from the tax on profit as per the Lebanese Income Tax Law.

i. Payables and accruals

Liabilities are recognized for amounts to be paid for goods and services received by the Association, whether or not billed. Trade payables are generally settled as per the credit terms agreed with the vendors.

3. Financial risk management

4.1 Financial risk factors

The Association's activities expose it to a variety of potential financial risks: market risk (including currency risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Association's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Association's financial performance.

(a) Market risk

▪ *Foreign exchange risk*

The Association is exposed to foreign exchange risk arising from transactions denominated in US Dollars. There has been no change in the rate of the foreign exchange between the US Dollar and the Lebanese Pound during the year (US\$ 1 = LL 1,507.5).

▪ *Cash flow and fair value interest rate risk*

As the Association has no significant interest-bearing assets, the Association's income and operating cash flows are substantially independent of changes in market interest rates. The Association's expense and operating cash flows are also substantially independent of changes in market interest rates as its long term borrowings are subject to fixed interest rates.

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and other transactions.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities.

4.2 Fair value estimation

The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

4. Critical Accounting Judgment and Key Sources of Estimation Uncertainty:

In the application of the accounting policies, which are described in note 3, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Association has no major estimates that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

KUNHADI
Notes to the Financial Statements (continued)
For the year ended December 31, 2010

5. Cash at bank and in hand:

Cash at bank and in hand are composed of the following:

	2010 000'LBP	2009 000'LBP
Balance with banks	71,411	16,635
Cash in hand	12	3,630
TOTAL	71,423	20,265

6. Receivables and prepayments:

Receivables and prepayments are composed of the following:

	2010 000'LBP	2009 000'LBP
Elias Aoude	15,905	-
QMS	-	4,050
Other receivables	1,384	-
TOTAL	17,289	4,050

7. Transactions with related parties:

The amounts due from and due to related parties do not bear interest and do not have specified repayment terms, and they are composed as follow:

<i>Amounts due from related parties</i>	2010 000'LBP	2009 000'LBP
Fady Gebran	-	14,950
TOTAL	-	14,950

<i>Amounts due to related parties</i>	2010 000'LBP	2009 000'LBP
Fady Gebran	22,655	-
TOTAL	22,655	-

KUNHADI
Notes to the Financial Statements (continued)
For the year ended December 31, 2010

8. Property, plant & equipment:

Property, plant & equipment are composed of the following:

	General Installation	Office equipments	Computer equipments	Furniture & Fixtures	Total
Cost as at January 1, 2010	29,653	6,761	15,320	12,187	63,921
Additions	-	2,758	21,754	3,752	28,264
Cost as at December 31, 2010	29,653	9,519	37,074	15,939	92,185
Depreciation as at January 1, 2010					
Charge for the period	-	-	-	-	-
Depreciation as at December 31, 2010	-	-	-	-	-
Net book value as at December 31, 2010	29,653	9,519	37,074	15,939	92,185
Net book value as at December 31, 2009	29,653	6,761	15,320	12,187	63,921

KUNHADI
Notes to the Financial Statements (continued)
For the year ended December 31, 2010

9. Payables and accruals:

The carrying amount of the Payables and accruals approximates their fair value at 31 December 2010 and 2009 and are composed of the following:

	2010 000'LBP	2009 000'LBP
AGEV	169,061	-
M & C SAATCHI	9,410	-
Other payables, accruals and provisions	8,324	-
TOTAL	186,795	-

10. Net income (Surplus/Deficit):

The Net income as at December 31, 2010 is LBP (131,739,000) while in 2009 yearend it has amounted LBP 31,079,000.

11. Income:

	2010 000'LBP	2009 000'LBP
Donation from sponsor	265,092	177,897
Donation from tickets	112,369	21,232
Donation from marathon	53,917	13,699
Membership	3,000	2,650
Medco sharing cards revenues	311	1,088
Other donations	204,457	66,049
TOTAL	639,146	282,615

12. Expenses related for activities:

Expenses are composed of the following:

	2010 000'LBP	2009 000'LBP
Motor bike helmets	20,242	-
Advertising	326,840	105,045
Conference and seminars	4,602	40,283
Maintenance of roads (reflectors)	208,881	
Expenses paid for activities	32,688	-
Invitation for donation	24,349	15,531
Transportation taxi(For Taxi night)	22,268	2,753
Seat belt convincer expenses	3,276	3,920
Distribution of pillows	-	1,672
Royalty for theatre Khabbaz	-	7,900
TOTAL	643,146	177,104

13. Operating (expenses):

Operating (expenses) are composed of the following:

	2010	2009
	000'LBP	000'LBP
Postage & telecommunication expenses	8,436	17,619
Transportation	9,275	16,477
Maintenance expenses	16,020	13,010
Generator and electricity expenses	2,934	2,927
Rent	9,000	9,000
Experts, and consultancy fees	6,547	1,770
Reception	5,954	362
Municipal tax	-	1,757
Gifts & donation	53,004	7,251
Other expenses	15,516	3,346
TOTAL	126,686	73,519

14. Other operating income/(expenses)

The Other operating income/(expenses) are composed of the following:

	2010	2009
	000'LBP	000'LBP
Bank charges	(1,104)	(780)
Exchange result	51	(133)
TOTAL	(1,053)	(912)

15. Taxation:

Open tax years that remain subject to examination and acceptance by the fiscal authorities comprise the financial years 2007 to 2010.

Open years that are subject to examination and acceptance by the social security authorities comprise the period from 2007 to December 2010.

16. Comparative figures:

Comparative figures have been reclassified / regrouped, wherever necessary, to conform to the presentation adopted in the current year.