

KUNHADI
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

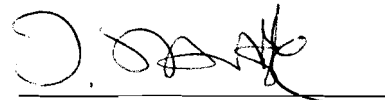
KUNHADI
Financial Statements
For the year ended December 31, 2011

<u>CONTENTS</u>	<u>PAGE</u>
Presentation	2
Statement of Financial Position	3
Statement of Financial Activities	4
Statement of Changes in Net Assets	5
Notes to the Financial Statements	6 - 13

KUNHADI
Financial Statements
For the year ended December 31, 2011

Kunhadi

Please find attached the financial statements of **Kunhadi**, which comprise the statement of financial position as at December 31, 2011, 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 13.



MAZARS

Chartered Accountants

Beirut, October 31, 2011

KUNHADI
Statement of Financial Position
For the year ended December 31, 2011

	Notes	2011 000'LBP	2010 000'LBP
ASSETS			
Current Assets			
Cash at bank and in hand	5	9,083	71,423
Receivables and prepayments	6	26,634	17,289
Total current assets		35,716	88,712
Non Current Assets			
Property, plant & equipment	7	97,472	92,185
Total non-current assets		97,472	92,185
TOTAL ASSETS		133,188	180,897
LIABILITIES			
Current Liabilities			
Borrowings	8	3,941	-
Payables and accruals	9	191,156	186,795
Due to related parties	10	9,987	22,655
Total current liabilities		205,084	209,450
Non Current Liabilities			
TOTAL LIABILITIES		205,084	209,450
Net Assets			
Shareholders' equity			
Unrestricted net assets		(28,553)	103,186
Net result (Surplus/Deficit)	11	(43,343)	(131,739)
Total equity		(71,896)	(28,553)
Total Liabilities and Net assets		133,188	180,897

The notes on pages 6 to 13 form part of these financial statements.

KUNHADI
Statement of Financial Activities
For the year ended December 31, 2011

	Notes	2011 000'LBP	2010 000'LBP
Income	12	455,091	639,146
Expenditure	13	(341,163)	(643,146)
Net gross income		113,928	(4,000)
Operating expenses	14	(155,903)	(126,686)
Other operating (income/expenses)	15	(1,368)	(1,053)
Net result (Surplus/Deficit)		(43,343)	(131,739)

The notes on pages 6 to 13 form part of these financial statements.

KUNHADI
Statement of Changes in Net Assets
For the year ended December 31, 2011

	Share Capital 000'LBP	Retained Earnings 000'LBP	Total 000'LBP
Balance as at January 1, 2010	63,921	39,265	103,186
Result for the year (Surplus/Deficit) 2010	-	(131,739)	(131,739)
Balance as at December 31, 2010	63,921	(92,474)	(28,553)
Result for the year (Surplus/Deficit) 2011	-	(43,343)	(43,343)
Balance as at December 31, 2011	63,921	(135,817)	(71,896)

The notes on pages 6 to 13 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, 2011

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. 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 minimize 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, 2011**

5. Cash at bank and in hand:

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

	2011	2010
	000'LBP	000'LBP
Balance with banks	8,896	71,411
Cash in hand	187	12
TOTAL	9,083	71,423

6. Receivables and prepayments:

Receivables and prepayments are composed of the following:

	2011	2010
	000'LBP	000'LBP
Elias Aoude	20,795	15,905
Other receivables	5,839	1,385
TOTAL	26,634	17,289

KUNHADI

Notes to the Financial Statements (continued)

For the year ended December 31, 2011

7. 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, 2011	29,653	9,519	37,074	15,939	92,185
Additions	413	90	4,785	-	5,288
Cost as at December 31, 2011	30,065	9,609	41,859	15,939	97,472
Depreciation as at January 1, 2011	-	-	-	-	-
Charge for the period	-	-	-	-	-
Depreciation as at December 31, 2011	-	-	-	-	-
Net book value as at December 31, 2011	30,065	9,609	41,859	15,939	97,472
Net book value as at December 31, 2010	29,653	9,519	37,074	15,939	92,185

Assets should be depreciated to show the real value

KUNHADI
Notes to the Financial Statements (continued)
For the year ended December 31, 2011

8. Borrowings:

Borrowings are composed of the following:

	2011	2010
	000'LBP	000'LBP
Current borrowings		
Bank overdraft	3,941	-
TOTAL	3,941	-

9. Payables and accruals:

The carrying amount of the Payables and accruals approximates their fair value at 31 December 2011 and 2010 and are composed of the following:

	2011	2010
	000'LBP	000'LBP
AGEV	177,466	169,061
M & C SAATCHI	7,260	9,410
Social security	3,359	-
Tax on salary	151	-
Other payables, accruals and provisions	2,920	8,324
TOTAL	191,156	186,795

10. 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 to related parties</i>	2011	2010
	000'LBP	000'LBP
Fady Gebran	9,987	22,655
TOTAL	9,987	22,655

11. Net result (Surplus/Deficit):

The Net result as at December 31, 2011 is LBP 43,343,000 (Deficit) while in 2010 yearend it has amounted LBP 131,739,000 (Deficit).

KUNHADI
Notes to the Financial Statements (continued)
For the year ended December 31, 2011

12. Income:

	2011	2010
	000'LBP	000'LBP
Donation from sponsor	218,325	265,092
Donation from tickets	60,752	112,369
Donation from marathon	48,855	53,917
Donation for safe crossing	10,500	-
Donation for GALA dinner	54,783	-
Donation from Kunhadi's Credit Cards	1,228	-
Donation from mother's day	7,050	-
Membership	1,900	3,000
Other donations	51,456	204,458
Medco sharing cards revenues	243	311
TOTAL	455,091	639,146

13. Expenses related for activities:

Expenses are composed of the following:

	2011	2010
	000'LBP	000'LBP
Motor bike helmets	(14,535)	(20,242)
Advertising	(84,766)	(326,840)
Conference and seminars	-	(213,483)
Expenses paid for activities	(157,471)	(32,688)
Invitation for donation	(17,933)	(24,349)
Taxi night	(3,834)	(22,268)
Seat belt convincer expenses	(3,405)	(3,278)
Events and campaigns expenses	(59,219)	-
TOTAL	(341,163)	(643,146)

KUNHADI
Notes to the Financial Statements (continued)
For the year ended December 31, 2011

14. Operating (expenses):

Operating (expenses) are composed of the following:

	2011	2010
	000'LBP	000'LBP
Postage & telecommunication expenses	(6,083)	(8,436)
Transportation	(17,135)	(9,275)
Maintenance expenses	(3,387)	(16,020)
Generator and electricity expenses	(3,956)	(2,934)
Rent	(9,000)	(9,000)
Experts, and consultancy fees	(4,568)	(6,547)
Salaries and related expenses	(60,825)	-
Reception	(8,728)	(5,954)
Other taxes	(722)	-
Gifts & donation	(30,042)	(53,004)
Other expenses	(11,459)	(15,515)
TOTAL	(155,903)	(126,686)

15. Other operating income/(expenses)

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

	2011	2010
	000'LBP	000'LBP
Bank charges	(1,382)	(1,104)
Exchange result	14	51
TOTAL	(1,368)	(1,053)

16. Taxation:

Open tax years that remain subject to examination and acceptance by the fiscal authorities comprise the financial years 2007 to 2011.

Open years that are subject to examination and acceptance by the social security authorities comprise the period from 2006 to December 2011.

17. Comparative figures:

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