

**KUNHADI**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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**KUNHADI**  
**Financial Statements**  
**For the year ended December 31, 2012**

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**Kunhadi**

Please find attached the financial statements of **Kunhadi**, which comprise the statement of financial position as at December 31, 2012, 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, November 1, 2013**

**KUNHADI**  
**Statement of Financial Position**  
**For the year ended December 31, 2012**

	Notes	2012 000'LBP	2011 000'LBP
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash at bank and in hand	5	55,636	9,083
Receivables and prepayments	6	23,658	26,634
<b>Total current assets</b>		<b>79,294</b>	<b>35,716</b>
<b>Non Current Assets</b>			
Property, plant & equipment	7	118,871	97,472
<b>Total non-current assets</b>		<b>118,871</b>	<b>97,472</b>
<b>TOTAL ASSETS</b>		<b>198,165</b>	<b>133,188</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Borrowings	8	-	3,941
Payables and accruals	9	256,043	191,156
Due to related parties	10	1,763	9,987
<b>Total current liabilities</b>		<b>257,806</b>	<b>205,084</b>
<b>Non Current Liabilities</b>			
		-	-
<b>TOTAL LIABILITIES</b>		<b>257,806</b>	<b>205,084</b>
<b>Net Assets</b>			
<b>Shareholders' equity</b>			
Unrestricted net assets		(71,896)	(28,553)
Net income (Surplus/Deficit)	11	12,255	(43,343)
<b>Total equity</b>		<b>(59,640)</b>	<b>(71,896)</b>
<b>Total Liabilities and Net assets</b>		<b>198,165</b>	<b>133,189</b>

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

**KUNHADI**  
**Statement of Financial Activities**  
**For the year ended December 31, 2012**

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	<b>Notes</b>	<b>2012 000'LBP</b>	<b>2011 000'LBP</b>
Income	12	600,168	455,091
Expenditure	13	(330,207)	(341,163)
<b>Result from operations</b>		<b>269,961</b>	<b>113,928</b>
Operating expenses	14	(253,911)	(155,903)
Other operating (income/expenses)	15	(3,795)	(1,368)
<b>Net income (Surplus/Deficit)</b>		<b>12,255</b>	<b>(43,343)</b>

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, 2012**

	<b>Unrestricted net assets 000'LBP</b>	<b>Net income 000'LBP</b>	<b>Total 000'LBP</b>
Balance as at January 1, 2011	(28,553)	-	(28,553)
Result for the year (Surplus/Deficit) 2011	-	(43,343)	(43,343)
Appropriation to reserves / Additions	(43,343)	43,343	-
<b>Balance as at December 31, 2011</b>	<b>(71,896)</b>	<b>-</b>	<b>(71,896)</b>
Result for the year (Surplus/Deficit) 2012	-	12,255	12,255
Appropriation to reserves / Additions	12,255	(12,255)	-
<b>Balance as at December 31, 2012</b>	<b>(59,640)</b>	<b>-</b>	<b>(59,640)</b>

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, on 11/10/2006.
- 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, 2012**

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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. Payables and accruals

Liabilities are recognized for amounts to be paid for goods and services received by the Association, whether or not billed.



### **3. Financial risk management**

#### **3.1 Financial risk factors**

The Association's activities expose it to a variety of 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 it has no borrowings.

##### **(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.

#### **3.2 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 2, 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, 2012**

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**5. Cash at bank and in hand:**

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

	<b>2012</b>	<b>2011</b>
	<b>000'LBP</b>	<b>000'LBP</b>
Checks for collection	8,937	-
Balance with banks	46,351	8,896
Cash in hand	348	187
<b>TOTAL</b>	<b>55,636</b>	<b>9,083</b>

**6. Receivables and prepayments:**

Receivables and prepayments are composed of the following:

	<b>2012</b>	<b>2011</b>
	<b>000'LBP</b>	<b>000'LBP</b>
Elias Aoude	23,158	20,795
Other receivables	500	5,839
<b>TOTAL</b>	<b>23,658</b>	<b>26,634</b>

**KUNHADI**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2012**

**7. Property, plant & equipment:**

Property, plant & equipment are composed of the following:

	<b>General Installation</b>	<b>Office equipments</b>	<b>Computer equipments</b>	<b>Furniture &amp; Fixtures</b>	<b>Total</b>
<b>Cost as at January 1, 2012</b>	30,065	9,609	41,859	15,939	<b>97,472</b>
Additions	-	6,600	13,586	3,948	<b>24,134</b>
Disposals	-	-	(2,735)	-	<b>(2,735)</b>
<b>Cost as at December 31, 2012</b>	<b>30,065</b>	<b>16,209</b>	<b>52,710</b>	<b>19,887</b>	<b>118,871</b>
<b>Depreciation as at January 1, 2012</b>	-	-	-	-	-
Charge for the period	-	-	-	-	-
Write back on disposals	-	-	-	-	-
<b>Depreciation as at December 31, 2012</b>	-	-	-	-	-
<b>Net book value as at December 31, 2012</b>	<b>30,065</b>	<b>16,209</b>	<b>52,710</b>	<b>19,887</b>	<b>118,871</b>
<b>Net book value as at December 31, 2011</b>	<b>30,065</b>	<b>9,609</b>	<b>41,859</b>	<b>15,939</b>	<b>97,472</b>

**KUNHADI**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2012**

**8. Borrowings:**

Borrowings are composed of the following:

	<b>2012</b>	<b>2011</b>
	<b>000'LBP</b>	<b>000'LBP</b>
Bank overdraft - at fixed rate	-	3,941
<b>TOTAL</b>	<b>-</b>	<b>3,941</b>

**9. Payables and accruals:**

The carrying amount of the Payables and accruals approximates their fair value at 31 December 2012 and 2011 and are composed of the following:

	<b>2012</b>	<b>2011</b>
	<b>000'LBP</b>	<b>000'LBP</b>
AGEV	229,230	177,466
M & C SAATCHI	1,320	7,260
Marathon Beirut	13,476	-
Social security	2,097	3,359
Tax payables	2,485	151
Other payables, accruals and provisions	7,436	2,920
<b>TOTAL</b>	<b>256,043</b>	<b>191,156</b>

**10. Transactions with related parties:**

The amounts 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>	<b>2012</b>	<b>2011</b>
	<b>000'LBP</b>	<b>000'LBP</b>
Fady Gebran	1,763	9,987
<b>TOTAL</b>	<b>1,763</b>	<b>9,987</b>

**11. Net result (Surplus/Deficit):**

The Net result as at December 31, 2012 is LBP 12,255,000 (Surplus) while in 2011 yearend it has amounted LBP 43,343,000 (Deficit).

**KUNHADI**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2012**

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**12. Income:**

Income is composed of the following:

	<b>2012</b>	<b>2011</b>
	<b>000'LBP</b>	<b>000'LBP</b>
Donation from sponsor	241,950	218,325
Donation from tickets	113,167	115,535
Donation from marathon	58,745	48,855
Donation for safe crossing	49,001	10,500
Donation from Kunhadi's Credit Cards	1,013	1,228
Donation from mother's day	-	7,050
Membership	750	1,900
SMS Campaign	22,500	-
Donation for reflectors installations	41,250	-
Other donations	71,568	51,456
Medco sharring cards revenues	225	243
<b>TOTAL</b>	<b>600,168</b>	<b>455,091</b>

**13. Expenses related for activities:**

Expenses are composed of the following:

	<b>2012</b>	<b>2011</b>
	<b>000'LBP</b>	<b>000'LBP</b>
Motor bike helmets	-	(14,535)
Advertising	(54,789)	(84,766)
Conference and seminars	(637)	-
Expenses paid for activities	(91,653)	(157,471)
Invitation for donation	(3,407)	(17,933)
Taxi night	(6,692)	(3,834)
Seat belt convincer expenses	(3,008)	(3,405)
Events and compaigns expenses	(170,022)	(59,219)
<b>TOTAL</b>	<b>(330,207)</b>	<b>(341,163)</b>

**KUNHADI**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2012**

**14. Operating (expenses):**

Operating (expenses) are composed of the following:

	<b>2012</b>	<b>2011</b>
	<b>000'LBP</b>	<b>000'LBP</b>
Postage & telecommunication expenses	(8,868)	(6,083)
Transportation	(11,517)	(17,135)
Maintenance expenses	(2,055)	(3,387)
Generator and electricity expenses	(9,911)	(3,956)
Rent	(9,000)	(9,000)
Experts, and consultancy fees	(11,656)	(4,568)
Salaries and related expenses	(124,098)	(60,825)
Reception	(4,304)	(8,728)
Other taxes	(2,641)	(722)
Gifts & donation	(38,411)	(30,042)
Other expenses	(31,451)	(11,459)
<b>TOTAL</b>	<b>(253,911)</b>	<b>(155,903)</b>

**15. Other operating income/(expenses)**

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

	<b>2012</b>	<b>2011</b>
	<b>000'LBP</b>	<b>000'LBP</b>
Bank charges	(1,141)	(1,382)
Exchange result	(84)	14
Net gain on sale of tangible assets	(2,570)	-
<b>TOTAL</b>	<b>(3,795)</b>	<b>(1,368)</b>

**16. Taxation:**

Open tax years that remain subject to examination and acceptance by the fiscal authorities comprise the financial years 2008 to 2012.

Open years that are subject to examination and acceptance by the social security authorities comprise the period from 2006 to December 2012.

**17. Comparative figures:**

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