

**KUNHADI**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

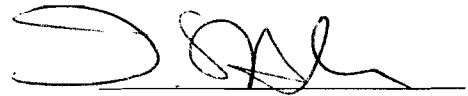
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**KUNHADI**  
**Financial Statements**  
**For the year ended December 31, 2013**

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**Kunhadi**

Please find attached the financial statements of **Kunhadi**, which comprise the statement of financial position as at December 31, 2013, 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, December 10, 2014**

**KUNHADI**  
**Statement of Financial Position**  
**For the year ended December 31, 2013**

	Notes	2013 000'LBP	2012 000'LBP
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash at bank and in hand	5	4,732	55,636
Receivables and prepayments	6	28,682	23,658
<b>Total current assets</b>		<b>33,414</b>	<b>79,294</b>
<b>Non Current Assets</b>			
Property, plant & equipment	7	114,676	118,871
<b>Total non-current assets</b>		<b>114,676</b>	<b>118,871</b>
<b>TOTAL ASSETS</b>		<b>148,090</b>	<b>198,165</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables and accruals	8	227,328	256,043
Due to related parties	9	42,191	1,763
<b>Total current liabilities</b>		<b>269,519</b>	<b>257,806</b>
<b>TOTAL LIABILITIES</b>		<b>269,519</b>	<b>257,806</b>
<b>Net Assets</b>			
<b>Shareholders' equity</b>			
Unrestricted net assets		(59,640)	(71,896)
Net income (Surplus/Deficit)	10	(61,789)	12,255
<b>Total equity</b>		<b>(121,429)</b>	<b>(59,641)</b>
<b>Total Liabilities and Net assets</b>		<b>148,090</b>	<b>198,165</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, 2013**

	<b>Notes</b>	<b>2013</b> <b>000'LBP</b>	<b>2012</b> <b>000'LBP</b>
Income	11	390,232	600,168
Expenditure	12	(182,946)	(330,207)
<b>Result from operations</b>		<b>207,286</b>	<b>269,961</b>
Operating expenses	13	(261,106)	(253,911)
Other operating (income/expenses)	14	(7,969)	(3,795)
<b>Net income (Surplus/Deficit)</b>		<b>(61,789)</b>	<b>12,255</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, 2013**

	<b>Unrestricted net assets 000'LBP</b>	<b>Net income 000'LBP</b>	<b>Total 000'LBP</b>
Balance as at January 1, 2012	(71,896)	-	(71,896)
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>(59,641)</b>	<b>-</b>	<b>(59,641)</b>
Result for the year (Surplus/Deficit) 2013	-	(61,789)	(61,789)
Appropriation to reserves / Additions	(61,789)	61,789	-
<b>Balance as at December 31, 2013</b>	<b>(121,429)</b>	<b>-</b>	<b>(121,429)</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.

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, 2013**

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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, 2013**

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

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

	<b>2013</b>	<b>2012</b>
	<b>000'LBP</b>	<b>000'LBP</b>
Checks for collection	2,580	8,937
Balance with banks	1,688	46,351
Cash in hand	465	348
<b>TOTAL</b>	<b>4,732</b>	<b>55,636</b>

**6. Receivables and prepayments:**

Receivables and prepayments are composed of the following:

	<b>2013</b>	<b>2012</b>
	<b>000'LBP</b>	<b>000'LBP</b>
Elias Aoude	23,158	23,158
Other receivables	5,524	500
<b>TOTAL</b>	<b>28,682</b>	<b>23,658</b>

**KUNHADI**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2013**

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

Property, plant & equipment are composed of the following:

	<b>General Installation 000'LBP</b>	<b>Office equipments 000'LBP</b>	<b>Computer equipments 000'LBP</b>	<b>Furniture &amp; Fixtures 000'LBP</b>	<b>Total 000'LBP</b>
<b>Cost as at January 1, 2013</b>	30,065	16,209	52,710	19,887	118,871
Additions	-	-	4,436	-	4,436
Disposals	-	(3,936)	(4,695)	-	(8,631)
<b>Cost as at December 31, 2013</b>	<b>30,065</b>	<b>12,273</b>	<b>52,450</b>	<b>19,887</b>	<b>114,676</b>
<b>Depreciation as at December 31, 2013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value as at December 31, 2013</b>	<b>30,065</b>	<b>12,273</b>	<b>52,450</b>	<b>19,887</b>	<b>114,676</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>

**KUNHADI**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2013**

**8. Payables and accruals:**

The carrying amount of the Payables and accruals approximates their fair value at 31 December 2013 and 2012 and are composed of the following:

	<b>2013</b>	<b>2012</b>
	<b>000'LBP</b>	<b>000'LBP</b>
AGEV	191,992	229,230
M & C SAATCHI	3,394	1,320
Beirut Marathon	18,865	13,476
Social security	3,192	2,097
Tax payables	2,656	2,485
Other payables, accruals and provisions	7,229	7,435
<b>TOTAL</b>	<b>227,328</b>	<b>256,043</b>

**9. 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:

	<b>2013</b>	<b>2012</b>
	<b>000'LBP</b>	<b>000'LBP</b>
<i>Amounts due to related parties</i>		
Fady Gebran	42,191	1,763
<b>TOTAL</b>	<b>42,191</b>	<b>1,763</b>

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

The Net result as at December 31, 2013 is LBP 61,789,000 (Deficit) while in 2012 yearend it has amounted LBP 12,255,000 (Surplus).

**KUNHADI**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2013**

**11. Income:**

Income is composed of the following:

	<b>2013</b>	<b>2012</b>
	<b>000'LBP</b>	<b>000'LBP</b>
Donation from sponsor	164,850	241,950
Donation from tickets	44,596	113,167
Donation from marathon	41,993	58,745
Donation for safe crossing	24,000	49,000
Donation from Kunhadi's Credit Cards	2,561	1,013
Donation from mother's day	7,950	-
Membership	325	750
SMS Campaign	-	22,500
Donation for reflectors installations	41,250	41,250
Other donations	36,640	71,568
Slap band revenues	26,067	-
Medco sharring cards revenues	-	225
<b>TOTAL</b>	<b>390,232</b>	<b>600,168</b>

**12. Expenses related for activities:**

Expenses are composed of the following:

	<b>2013</b>	<b>2012</b>
	<b>000'LBP</b>	<b>000'LBP</b>
Website expenses	(20,171)	-
Advertising	(50,633)	(54,790)
Conference and seminars	(354)	(637)
Expenses paid for activities	(34,067)	(91,653)
Invitation for donation	-	(3,407)
Taxi night	(5,067)	(6,692)
Seat belt convincer expenses	(2,370)	(3,008)
Events and compaigns expenses	(70,284)	(170,022)
<b>TOTAL</b>	<b>(182,946)</b>	<b>(330,207)</b>

**KUNHADI**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2013**

**13. Operating (expenses):**

Operating (expenses) are composed of the following:

	<b>2013</b>	<b>2012</b>
	<b>000'LBP</b>	<b>000'LBP</b>
Postage & telecommunication expenses	(6,291)	(8,868)
Transportation	(9,000)	(11,517)
Maintenance expenses	(11,309)	(3,028)
Generator and electricity expenses	(2,285)	(9,911)
Rent	(18,224)	(9,000)
Experts, and consultancy fees	(6,765)	(11,656)
Salaries and related expenses	(176,447)	(124,098)
Reception	(3,568)	(4,304)
Other taxes	(1,702)	(2,641)
Travel expenses	(10,463)	(15,754)
Gifts & donation	(4,650)	(38,411)
Cleaning expenses	(8,699)	(8,706)
Other expenses	(1,703)	(6,017)
<b>TOTAL</b>	<b>(261,106)</b>	<b>(253,911)</b>

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

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

	<b>2013</b>	<b>2012</b>
	<b>000'LBP</b>	<b>000'LBP</b>
Bank charges	(901)	(1,141)
Exchange result	(237)	(84)
Net gain on sale of tangible assets	(6,831)	(2,570)
<b>TOTAL</b>	<b>(7,969)</b>	<b>(3,795)</b>

**15. Taxation:**

Open tax years that remain subject to examination and acceptance by the fiscal authorities comprise the financial years 2009 to 2013.

Open years that are subject to examination and acceptance by the social security authorities comprise the period from 2006 to December 2013.

**16. Comparative figures:**

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