Ihsan For Relief And Development (Ihsan)

Financial statements

For the period from 14 April 2014
to 31 December 2015

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For the period from 14 April 2014 to 31 December 2015

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Independent auditors' report

To the management
Ihsan for relief and development (Ihsan)
Doha
State of Qatar

Report on the financial statements

We have audited the accompanying financial statements of Ihsan for relief and development (Ihsan) (the "Society"), which comprise the statement of financial position as at 31 December 2015, the statements of operating activities and changes in surplus and cash flows For the period from 14 April 2014 to 31 December 2015, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Society's preparation and fair presentation of the financial statements 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 Society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Society as at 31 December 2015, and its financial performance and its cash flows for the period from 14 April 2014 to 31 December 2015 in accordance with International Financial Reporting Standards.

Restriction on use and distribution

Without modifying our opinion, we draw attention to the fact that these financial statements are prepared to assist the management to evaluate the results of the Society. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the management of the Society and should not be used or distributed to parties other than management of the Society.

19 July 2016
Doha
State of Qatar

KPMG

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P.O.Box 4473
Doha - Qatar

Ihsan for relief and development (Ihsan)

Statement of financial position
As at 31 December 2015

In US Dollars

	Note	31 December 2015
Assets		
Property and equipment		2,273
Non- current assets		2,273
Other receivables		812,519
Cash and bank balances	9	724,566
Current assets		1,537,085
Total assets		**1,539,358**
Other payables	10	421
Due to a related party	8 (a)	1,012,745
Current liabilities		1,013,166
Total liabilities		1,013,166
Total net assets		**526,192**
Accumulated surplus		
Surplus		526,192
Total accumulated surplus		**526,192**

These financial statements were approved by the Management on 19 July 2016 and signed on their behalf by the following:

Mustafa Sabbagh

The attached notes from 1 to 15 form an integral part of these financial statements.

Statement of operating activities and changes in surplus
For the period from 14 April 2014 to 31 December 2015 In US Dollars

	Note	For the period from 14 April 2014 to 31 December 2015
Donations and contributions		13,384,347
Charity expense	11	(12,162,710)
General and administrative expenses	12	(695,445)
Surplus		**526,192**

The attached notes from 1 to 15 form an integral part of these financial statements.

Ihsan for relief and development (Ihsan)

Statement of cash flows
For the period from 14 April 2014 to 31 December 2015 In US Dollars

	Note	For the period from 14 April 2014 to 31 December 2015
Cash flow from operating activities		
Surplus		526,192
Adjustment in:		
Depreciation		839
		527,031
Changes in:		
- other receivables		(812,519)
- other payables		421
- due to a related party		1,012,745
Net cash from operating activities		**727,678**
Cash flow from operating activities		
Acquisition of property and equipment		(3,112)
Net cash from operating activities		**(3,112)**
Net change in cash and cash equivalents		724,566
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at 31 December	9	**724,566**

The attached notes from 1 to 15 form an integral part of these financial statements.

1. Reporting entity

The Ihsan for relief and development (Ihsan), (the "Society") is registered and incorporated under registration number 34-202/198 dated 14 April 2014 in accordance with the Turkish Civil Law No 4721.

The Society aims in supporting and convoying the Syrian people to achieve their aspirations and enjoy their humanitarian rights in dignity and freedom. Cooperation and coordination with, associations and organizations operating in the economic field having the common insights and goals that support the Syrian or assist in creating an economic renaissance in Syria. Participating in designing a vision of the Syrian economy in the upcoming phase and the related necessary studies, strategies, plans and ideas.

2. Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Details of Society's accounting policies are included in note 6.

3. Functional and presentation currency

These financial statements are presented in US Dollars. Which is the Society's funcational currency. All financial information presented in US Dollar has been rounded to the nearest US Dollar.

4. Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, receipts and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in note 14.

5. Basis of measurement

The financial statements have been prepared on the historical cost basis.

6. Significant accounting policies

(a) Classification of net assets

Net assets and contributions, grant expenses, gains and losses are classified based on the existence or absence of grantor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

(i) ***Unrestricted net assets*** – includes unrestricted funds for general operations of the Society, or funds being released from restricted net assets to fund the respective program expenses.

6. Significant accounting policies (continued)

(a) Classification of net assets (continued)

(ii) ***Net assets restricted against a program*** – includes funds whose use by Society is limited to the programs mandated by the gantor.

(b) Contributions received

Contributions received are recognized as receipts in the period received. For purposes of the statement of financial position, they are recorded as increase in assets or decreases in liabilities and as either restricted support or unrestricted revenue. Contributions without imposed restrictions are reported as unrestricted support and increases in unrestricted net assets.

(c) Interest income

Interest income is recognized on a time apportionment basis taking account of the principal invested and the profit rate applicable to such contract.

(d) Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Society.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Society will obtain ownership by the end of the lease term.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Financial instruments

The Society classifies non-derivative financial assets into loans and receivables.

The Society classifies non-derivative financial liabilities into the other financial liabilities category.

6. Significant accounting policies (continued)

(e) Financial instruments (continued)

Non-derivative financial assets and financial liabilities – Recognition and derecognition
The Society initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Society derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Society is recognised as an asset or liability.

The Society derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Society has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets – Measurement

Other receivables
These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances, bank balances and short-term deposits with maturities of three months or less, if any, net of any outstanding balances and are used by the Society in the management of its short-term commitments.

Non-derivative financial liabilities – Measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(f) Impairment

Non-derivative financial assets
Financial assets not classified as at fair value through profit or loss, including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Society on terms that the Society would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

6. Significant accounting policies (continued)

(f) Impairment (continued)

Non-derivative financial assets (continued)

Financial assets measured at amortised cost
The Society considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Society uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Society considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Non-financial assets

At each reporting date, the Society reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in operating activities. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Provisions

A provision is recognised if, as a result of a past event the Society has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

6. Significant accounting policies (continued)

(h) Employees' end of service benefits

The Society provides end of service benefits to its expatriate employees in accordance with a decision taken by the management of the Society. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of minimum service period. The expected costs of these benefits are accrued over the period of employment.

(i) Foreign currency transactions

Transactions in foreign currencies are translated into functional currency at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the rates of exchange ruling on the reporting date. Resulting gains and losses arising from the above are recognised in the statement of activities.

(j) New standards, amendments and interpretations issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2015 and earlier application is permitted; however, the **Society** has not early adopted the following new or amended standards in preparing these financial statements.

I) IFRS 9 Financial Instruments
IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.
IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Society is assessing the potential impact on its financial statements Resulting from the application of IFRS 9.

ii) Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38).
The amendments to IAS 16 prohibits entities from using a revenue based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted if the intangible asset is expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted.

The Society does not expect to have a significant impact on its financial statements

iii) Annual Improvements to IFRSs 2012–2014 Cycle – various standards.
The annual improvements to IFRSs to 2012-2014 cycles include a number of amendments to various IFRSs. Most amendments will apply prospectively for annual periods beginning on or after 1 January 2016; earlier application is permitted (along with the special transitional requirement in each case), in which case the related consequential amendments to other IFRSs would also apply.

The amendments are not expected to have any material impact on the consolidated financial statements of the Society.

6. Significant accounting policies (continued)

(j) New standards, amendments and interpretations issued but not yet effective (continued)

The following are the key amendments in brief:

- **IFRS 5** – when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such
- **IFRS 7** – specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition
- **IFRS 7** – that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34
- **IAS 19** – that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise
- **IAS 34** – what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information.

7. Financial risk management

The Society has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk

This note presents information about the Society's exposure to each of the above risks, Society's objectives, policies and processes for measuring and managing risk, and Society's management of funds. Further quantitative disclosures are included throughout these financial statements.

The management has overall responsibility for the establishment and oversight of the Society's risk management framework and the management has the responsibility for developing and monitoring the Society's risk management policies.

Credit risk
Credit risk is the risk that one party to the financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Society is exposed to credit risk on accounts and other receivables.

Other receivables
Society's exposure to credit risk is influenced mainly by the individual characteristics of each party. The demographics of party base, including the default risk of the industry and country, in which party operate, has less of an influence on credit risk.

Society's policy is that other receivables are stated at original amount less a provision for any uncollectible amounts (if any). An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery, if any.

Bank balances
Society limits its exposure to credit risk on bank balances by maintaining balances with banks having high credit ratings. Given these high credit ratings, Society does not expect any bank to fail to meet its obligations.

7. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet its financial obligations as they fall due. The Society's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Society's reputation.

Typically the Society ensures that it has sufficient cash on demand to meet expected operational expenses, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the Society's statement of activities or the value of its holdings of financial instruments.

Currency risk

The Society is exposed to currency risk on transactions carried out that are denominated in a currency other than the respective functional currency

Interest rate risk

The Society's exposure to interest rate risk is minimal since it does not have any variable rate interest bearing financial instruments other than call deposit balances.

For the period from 14 April 2014 to 31 December 2015 In US Dollars

8. Related party transactions

The **Society** enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard No. 24, Related Party Disclosures. Related parties comprise entities under common ownership and/or common management and control, key management personnel, entities in which the shareholders have controlling interest, affiliates, and other related parties.

a) Due to a related party

	31 December 2015
Syrian Business Society - Doha office	**1,012,745**

9. Cash and bank balances

	31 December 2015
Petty cash	89,024
Bank balances	635,542
	724,566

10. Other payables

	31 December 2015
Accrued expenses	421
	421

11. Charity expenses

	For the period from 14 April 2014 to 31 December 2015
Local Turkish porjects	**12,162,710**

12. General and administrative expenses

	For the period from 14 April 2014 to 31 December 2015
Staff costs	339,122
Shared expense	323,653
Rent	1,614
Others	31,056
	695,445

13. Financial risk management

a) Credit risk

Exposure to credit risk

The carrying amounts of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	31 December 2015
Other receivables		812,519
Bank balances	9	635,542
		1,448,061

The Society believes that no impairment allowance is necessary in respect of receivables since all are recoverable.

b) Liquidity risk

The following are the contractual maturities of financial liabilities (non-derivative), excluding the impact of netting agreements:

31 Decemeber 2015	Carrying amounts	Contractual cash outflows	Less than 1 year
Other payables	421	(421)	(421)
Due to a related party	1,012,745	(1,012,745)	(1,012,745)
	1,013,166	**(1,013,166)**	**(1,013,166)**

c) Currency risk

The Society carries out foreign currency transactions only in USD. As the Qatari Riyals is pegged to the US Dollar, balances In US Dollars are not considered to represent significant currency risk.

14. Significant estimates and judgements

- *Impairment* of *receivables*

An estimate of the collectible amount of accounts and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

- *Useful lives, residual values and related depreciation charges* of *property, plant and equipment*

The Society 's management determines the estimated useful lives, residual values and related depreciation charges of its property, plant and equipment. These estimates are determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.

15. Comparative figures

No comparative information has been presented in these financial statements as this is the first financial period for the society