

THE MUHANNA FOUNDATION

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2003**

The Muhanna Foundation

Report and Financial Statements 31 December 2003

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Trustees

Ibrahim E Muhanna

Christopher Daykin

Curtis Huntington

Hans U. Gerber

Adnan Hamzeh

Trustees' report

1 The Trustees present their report together with the financial statements of the Company for the year ended 31 December 2003.

Principal activities

2 The principal activity of the Foundation is that of promoting actuarial knowledge and education through administering an actuarial Diploma Program for the Middle East. The Diploma Program offers participants a general curriculum in Financial Mathematics, Probability & Statistics, Economics, Investment & Asset Management and provides the basic skills and expertise to apply these in the fields of insurance, social security or pension funds.

3 In addition to the said Program, the Foundation has held conferences, seminars, and workshops for professionals and academics in a variety of fields, including banking and investment, insurance and brokering, government and municipalities.

4 Moreover, the Foundation provides awards and scholarships for students in the fields of Actuarial Science, Insurance and Mathematics.

Results

5 The Company's results for the year are set out on page 5.

Trustees

6 The Trustees at 31 December 2003 are shown on page 2. All of them were members of the Board throughout the year 2003, and will continue in office.

By Order of the Board



Ibrahim E Muhanna
Chairman
Board of Trustees

Internal audit report to the members of The Muhanna Foundation

1 I have audited the financial statements on pages 5 to 9 and have obtained all the information and explanations considered necessary. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

2 I conducted the audit in accordance with International Standards on Auditing. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

3 In my opinion proper books of account have been kept by the Foundation and the financial statements, which are in agreement therewith, give a true and fair view of the state of affairs of **The Muhanna Foundation** as of 31 December 2003 and of its loss for the year then ended in accordance with International Accounting Standards.



Ziad Abou Arraj
Auditor

The Muhanna Foundation
Statement of Sources and Uses of Funds
For the year ended 31 December 2003

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	Note	2003 US\$	2002 US\$
Sources of Funds			
Donors		6.500	13.500
Seminars and conferences	2	152.034	37.550
Other sources		902	220
Total Sources of Funds		<u>159.436</u>	<u>51.270</u>
Uses of Funds			
Administrative Expenses	Page 9	33.559	32.115
Seminars and conferences	5	132.690	35.564
Total Uses of Funds		<u>166.249</u>	<u>67.679</u>
Net Surplus/(Deficit) for the year		<u>(6.813)</u>	<u>(16.409)</u>

The notes on pages 7 to 9 form part of these financial statements.

The Muhanna Foundation

Balance sheet – 31 December 2003

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	Note	2003 US\$	2002 US\$
Assets			
Non-current assets			
Fixed assets	3	<u>2.990</u>	<u>221</u>
Total non-current assets		<u>2.990</u>	<u>221</u>
Current assets			
Debtors		18.713	21.754
Cash at bank and in hand		<u>-</u>	<u>1.063</u>
Total current assets		<u>18.713</u>	<u>22.817</u>
Total assets		<u>21.703</u>	<u>23.038</u>
Liabilities and equities			
Current liabilities			
Creditors		16.385	11.053
Bank overdraft		<u>146</u>	<u>-</u>
Total liabilities		<u>16.531</u>	<u>11.053</u>
Total Equity	4	5.172	11.985
Total liabilities and shareholders' equity		<u>21.703</u>	<u>23.038</u>

Signed on behalf of the Board of Trustees

Chairman



The notes on pages 7 to 9 form part of these financial statements.

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Notes to the financial statements for the year ended 31 December 2003

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1 Principal accounting policies and accounting conventions

Accounting convention

The financial statements are prepared under the historical cost convention.

Foreign currencies

All balance sheet items with the exception of share capital are translated into United States dollars at the rate of exchange ruling at the end of the financial period. Equity is translated at historical cost.

Depreciation

Depreciation is calculated to write off the costs of fixed assets on a straight-line basis over the expected useful lives of the assets concerned.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balance with banks.

2 Turnover

Turnover represents the sources of funds received from diploma programs, workshops, conferences and seminars.

Seminars and conferences:

	2003 US\$	2002 US\$
Diploma Program	47.370	35.550
Seventh Pension Conference	53.174	2.000
Insurance Supervisors Workshop	30.000	-
Oman Seminar	21.490	-
Total sources of funds from seminars and conferences	152.034	37.550

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3 Fixed assets

	Computer Software US\$	Office Equipment US\$	Total US\$
2003 Cost:			
At 1 January 2003	443	-	443
Additions	-	3.200	3.200
At 31 December 2003	443	3.200	3.643
Depreciation			
At 1 January 2003	222	-	222
Charge for the year	111	320	431
At 31 December 2003	333	320	653
Net Book Value			
At 31 December 2003	110	2.880	2.990
At 31 December 2002	221	-	221

4 Equity

	2003 US\$	2002 US\$
Prior year result	11.985	28.394
Current year result	(6.813)	(16.409)
Total equity	5.172	11.985

5 Uses of funds

Seminars and conferences:

	2003 US\$	2002 US\$
Diploma Program	27.608	31.644
Seventh Pension Conference	65.602	3.920
Insurance Supervisors Workshop	23.999	-
Oman Seminar	15.481	-
Total uses of funds from seminars and conferences	132.690	35.564

Analysis of administrative expenses for the year ended 31 December 2003

	2003	2002
	US\$	US\$
Administrative expenses		
Salaries	13.000	7.800
Awards	5.423	1.423
Services rendered	5.000	12.200
Legal fees	3.162	2.972
Travelling abroad (Tickets)	2.203	626
Travelling abroad (Hotels)	926	217
Advertising	699	1.500
Bank charges	1.090	368
Bad Debts	2.147	4.491
Gain/Loss on exchange	(866)	-
Miscellaneous	775	518
	33.559	32.115