

ETHIOPIAN ECONOMIC ASSOCIATION

FINANCIAL STATEMENTS AND AUDIT REPORT 30 JUNE 2024

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ስ.ቁ. 0116180638/ 0118961751/52
ፋክስ 011 6621260/70
ፓ.ሳ.ቁ. 110690
አዲስ አበባ ኢትዮጵያ

Tafesse, Shisema and Ayalew
Certified Audit Partnership
Chartered Certified Accountant (UK)
Authorized Auditors (Ethiopia)
Tel. 0118961752 Fax 011 662 1260/70
Mob. 0911229425/0930034356/57
P.O. Box – 110690 e-mail tmsplus@ethionet.et
Addis Ababa-Ethiopia

Ethiopian Economic Association

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As of June 30, 2024

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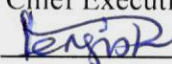


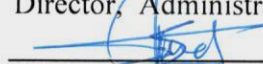
Ethiopian Economics Association
Statements of Management Responsibility
For the Year Ended June 30, 2024

Statement of Management Responsibility for Financial Statements

The management of Ethiopian Economic Association is responsible for all information and representations contained in the financial statements for the years ended June 30, 2024. This financial statement is prepared in accordance with International Public Sector Accounting Standards (IPSAS) based on the requirements of IPSAS and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality. As IPSAS standards are basically designed for public sectors, some of IPSAS standards may not be applicable to EEA and hence, applied IPSAS standards are only covered in this report. In addition, other national laws that are applicable to the organization is considered in the preparation of the financial statements

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

Name Prof. Mengistu Ketema
Position Chief Executive Officer
Signature 
Date 13/08/24

Name Wondafrash A mde
Position Director, Administration & Finance
Signature 
Date 13-8-2024



**INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS OF
ETHIOPIAN ECONOMICS ASSOCIATION****Section One: Report on the Audit of the Financial Statements*****Opinion***

We have audited the financial statements of Ethiopian Economics Association, which comprise the statement of financial position as at 30 June 2024, the statement of revenue and expenditure, statement of cash flows and statement of changes in net assets, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, accompanying financial statements present fairly, in all material respects, the financial position of the Associations at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the Ethiopian Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Management is responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Tafesse, Shisema and Ayalew (TMS Plus) Certified Audit Partnership
Chartered Certified Accountants (UK)
Authorized Auditors (ETH)



Section Two: Report on the Legal and Regulatory Requirements

The Opinion in this section is given based on the audit procedures we applied in accordance with guideline 8/2004 issued to review compliance with Organizations of Civil Societies Proclamation number 1113/2019;

1) Income:-

- a. Income is collected by raising cash receipt vouchers and states the source and the amounts of income correctly.
- b. Incomes obtained from foreign sources are properly classified.
- c. Income is collected through legal means and by the person delegated for the purpose.

2) Expenditures:-

- a. Expenditures are accounted for when evidenced by legal and original invoices, relevant, reliable and sufficient for the purposes.
- b. Expenditures and purchases of goods and services are incurred as per the relevant regulations and authenticated by the officials of the organization.
- c. Administrative costs 19.14% of the total revenue and does not exceed 20% as required by Article 63(2) of Proclamation No.1113/2019 as indicated under Note 10.3.

3) Property administration:-

- a. Purchase of properties are received by raising Goods Receiving Note (GRN) and issued by raising issue vouchers.
- b. Fixed asset register is maintained.
- c. Fixed assets identification numbers are given.

4) Cash and bank balances:-

- a. Separate ledger account is maintained for cash on hand in the name of each Cashier.
- b. Separate ledger account is maintained for each bank account of the organization and ledger account balances are reconciled with the respective bank statements monthly.

5) Debtors

- a. Subsidiary accounts are maintained for the debtors and balances are collectible in one year time.

6) Creditors

- a. Taxes are deducted and paid over to the tax authority within the time set for settlements.
- b. Creditors are classified into short and long term properly.

In our opinion, the attached financial statements of Ethiopian Economics Associations at 30 June 2023 comply with Organizations of Civil Societies Proclamation number 1113/2019.

Tafesse, Shisema and Ayalew (TMS Plus) Certified Audit Partnership
Chartered Certified Accountants (UK)
Authorized Auditors (ETH)



Addis Ababa
19 July 2024



Ethiopian Economics Association
Statements of Financial Position
As of June 30, 2024

Currency:- Ethiopian Birr

	Note	2024	2023
Assets			
Non Current Assets			
Property, Plant and Equipment	4	8,420,642.58	6,289,330
Investment in IGA		27,571,563.05	27,571,563
		<u>35,992,205.63</u>	<u>33,860,893</u>
Current Assets			
Accrued Income		4,116,578.70	-
Pre Paid Insurance		161,378.97	-
Debtors	5	531,210.39	1,433,750
Cash and Bank Balances	6	37,371,403.43	47,137,564
		<u>42,180,570.83</u>	<u>48,571,314</u>
Total assets		<u><u>78,172,776.46</u></u>	<u><u>82,432,206</u></u>
Net Asset / Equity			
Fund Balance		75,359,292.37	75,359,292
Prior end adjustment		(3,649.39)	-
Deficit/ Surplus Income over Expenditure		(4,448,355.68)	75,359,292
Total equity / net assets		<u>70,907,287.30</u>	<u>75,359,292</u>
Non-Current Liabilities			
Employee Benefits Severance Pay	7.3.2	3,628,564.38	3,534,718
		<u>3,628,564.38</u>	<u>3,534,718</u>
Current Liabilities			
Creditors	7.1	516,600.00	3,604
Tax and pension Payables	7.2	1,019,069.49	948,480
Employee Benefits - Annual leave Pay	7.3.1	2,101,255.29	2,586,111
		<u>3,636,924.78</u>	<u>3,538,195.91</u>
Total Liabilities		<u>7,265,489.16</u>	<u>7,072,913.91</u>
Total Equity & Liabilities		<u><u>78,172,776.46</u></u>	<u><u>82,432,206</u></u>



Ethiopian Economics Association
Statements of Financial Performance
For the Year Ended June 30, 2024

Currency:- Ethiopian Birr

		<u>2024</u>	<u>2023</u>
Income	Note		
	9		
Project Funds	9.1	24,504,962.71	49,862,580
Donation in kind		3,000,000.00	-
Income from IGA & Others Sources	9.2	8,323,900.87	2,604,886
		35,828,863.58	52,467,466
Expenditures	10		
Program Expenditures	10.1	33,418,763.26	58,425,568
Administrative Expenditures	10.2	6,858,456.00	6,187,578
		40,277,219.26	64,613,145
Deficit/ Surplus Income over Expenditure		(4,448,355.68) -	12,145,680



Ethiopian Economics Association
Statements of Changes in Equity / Net Assets
For the years ended 30 June 2024

Currency:- Ethiopian Birr

Fund Balance as of July 1, 2023	75,359,292.37
Prior end adjustment	(3,649.39)
Loss of Income over expenditure	<u>(4,448,355.68)</u>
Fund Balance as of June 30, 2024	<u>70,907,287.30</u>



Ethiopian Economics Association
Statements of Cash Flows
For the year ended 30 June 2024

Currency:- Ethiopian Birr

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:			
Deficit/ Surplus Income over Expenditure		(4,448,355.68)	(12,145,680)
Depreciation		1,326,460.46	985,815
Accrued Income		(4,116,578.70)	-
Exchange rate gain		(1,472,331.04)	-
Pre Paid Insurance		(161,378.97)	-
Prior year adjustment-Severance pay			987,556.96
Prior end adjustment		(3,649.39)	
		<u>(8,875,833.32)</u>	
Working Capital changes			
Changes in Debtors		902,539.53	(340,336)
Changes in Creditors		512,995.67	(1,474)
Change in Tax and pension Liabilities		70,589.30	(135,067)
Change in Employee Benefits - Severance		93,846.38	(987,556)
Change in Employee Benefits -Annual leave		(484,856)	672,268
Net cash provided by operating activities		<u>1,095,114.78</u>	<u>(10,964,473)</u>
Cash flow from Investing Activities			
Acquisition of properties and equipment		(6,874,175.00)	(35,000)
Proceeds sale of Asset		5,120,000.00	-
Prior end adjustment on Asset		(231,266.88)	-
Net cash used in investing activities		<u>(1,985,441.88)</u>	<u>(35,000)</u>
Cash flow From Financing Activities			
Fixed Asset Fund			35,000.00
Net Cash flow from financing activities		<u>-</u>	<u>35,000.00</u>
Increase (decrease) in cash and cash equivalents		<u>(9,766,160.42)</u>	<u>(10,964,473.06)</u>
Cash and cash equivalents:			
At beginning of period		47,137,564.01	58,102,037
At end of period		<u>37,371,403.43</u>	<u>47,137,564</u>



**Ethiopian Economics Association
Notes to the Financial Statements
For the Year Ended 30 June 2024**

1. GENERAL BACKGORUND

1.1 Introduction

This financial statement is prepared in accordance with International Public Sector Accounting Standards (IPSAS) based on the requirements of IPSAS for financial year ending 30 June 2024. Though IPSAS standards are fully meant for public sector, some of the standards required for public sectors may not be applicable to Ethiopian Economics Association, hereinafter referred as EEA and may not be covered in this report.

1.2 About EEA

The Ethiopian Economic Association (EEA) is a non-profit and independent professional organization established on 25 November 1991. The association promotes the study of economics in Ethiopia, promotes economic research and assists in its dissemination and facilitating contact with Ethiopian and foreign economists. The Institute is involved in research and in organizing short term trainings on various issues that are of critical importance to Ethiopia's economic development. Key objectives of the association is to contribute to the economic policy formulation capability and broadly to the economic advancement of Ethiopia.

Principal activity of EEA includes

- to promote the professional interest of its Economists;
- to promote the study of economics in the country's educational institutions;
- to promote economic research and assist in the dissemination of the findings of such research in Ethiopia;
- to provide fora for the discussion of economic issues, and
- to promote professional contacts between Ethiopian economists and those of other countries.

The General Assembly is the highest decision-making body with the responsibility of providing an overall policy framework. An Executive Committee elected by the General Assembly and serving for three years provides leadership. It has a Chief Executive Officer with employed staff who manages the day to day activities of the Association.

Vision and Mission

Vision: "The EEA is envisioned to become a premier economics association in Africa by 2030."

Mission: The mission of EEA is to provide a platform for networking, access to information and learning; to contribute to a better understanding of the global, national and local economic issues; to inform and influence economic policymaking and investment decision; to offer training and foster the advancement of discipline of economics.

Values: Professionalism, integrity, independence, quality, efficiency, inclusiveness, teamwork, accountability and transparency.

Motto: Professionalism and Economic Thinking for Development!



**Ethiopian Economics Association
Notes to the Financial Statements
For the Year Ended 30 June 2024**

1.3 Statement of Compliance and Basis of Preparation

EEA, adopting IPSAS for the first time in July 1, 2019, elected and applied the following transitional provisions and exemption allowed under IPSAS 33 paragraph 63 to 134 that do not affect fair presentation and compliance with accrual basis of IPSAS.

IPSAS 17, Property, Plant and Equipment

EEA applied the accounting policy under IPSAS for property, plant and equipment on historical cost

IPSAS 39, Employee Benefits

EEA applied the accounting policy under IPSAS 39 for employee benefits. Employee benefit liabilities are measured based on the salary at the end of the reporting period with a simplified approach projection in line with the calculation provided under the Ethiopia Labor Law.



Ethiopian Economics Association
Notes to the Financial Statements
For the Year Ended 30 June 2024

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements for the period ended 30 June 2024 have been prepared in accordance with International Public Sector Accounting Standards ("IPSAS") as issued by the International Public Sector Accounting Standards Board ("IPSASB"). Additional information required by National regulations is included where appropriate.

The Financial Statements of EEA have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The Financial Statements are presented in Ethiopian Birr (ETB) which is also the functional currency. Cash transferred in foreign currency from donors is converted in to ETB equivalent on the date of receipt by the bank at an exchange rate prevailing on the date of receipt. The accounting policies have been consistently applied to all the years presented.

The financial statements comprise the Statement of Surplus and Deficit and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Net Asset /Equity, the Statement of Cash Flows and the Notes to the Financial Statements.

The Financial Statements for the period ended 30 June 2024 are the fifth for EEA has been prepared in accordance with IPSAS.

All values are presented without rounding (aren't rounded to the nearest thousands), except when otherwise indicated. EEA's functional and reporting currency is Ethiopian Birr (ETB).

The Financial Statements provide comparative information in respect of the previous period. In addition, EEA presents an additional Statement of Financial Position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.



Ethiopian Economics Association
Notes to the Financial Statements
For the Year Ended 30 June 2024

2.2 Going concern

The financial statements have been prepared on a going concern basis. The management has no doubt that the organization would remain in existence after 12 months.

2.3 Key Judgments and Sources of Estimation Uncertainty

The preparation of financial statements requires Judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The key judgments management have made in preparing the financial statements are as follows:

EEA estimated the remaining useful life of Property, Plant and Equipment (PPE) based on judgment of the management taking into account the condition of the assets. As a policy EEA set out the threshold for the determination of PPE and also the start-up estimated useful life of new assets though the useful life is subject to revision annually. Accounting policy on PPE is stated under Note 2.11.3.

Key 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 the period of revision and future periods.

2.4 Foreign Currency Transactions

EEA's functional and reporting currency is Ethiopian Birr (ETB). EEA translate its foreign currency accounts into ETB at the prevailing exchange rate on the date of reporting. The result gain or loss on translation are dealt with the Statement of surplus and deficit.

2.5 Changes in accounting policies and estimates

EEA recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical. The effects of changes in accounting estimates reflected prospectively by including in surplus or deficit.



Ethiopian Economics Association
Notes to the Financial Statements
For the Year Ended 30 June 2024

2.6 Current versus Non-current classification

EEA presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

Expected to be realized or intended to sold or consumed in the normal operating cycle held primarily for the purpose of the operation.

Expected to be realized within twelve months after the reporting period, or

Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when: It is expected to be settled in the normal operating cycle.

It is held primarily for the purpose of the operation.

It is due to be settled within twelve months after the reporting period, or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

EEA classifies all other liabilities as non-current.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, high liquid investments with a maturity less than 90 days from the date of acquisition and which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.8 Loan and Receivables

Receivables from non-exchange transactions comprises as a result of non-irrevocable pledge received from a donor.

Loan disbursed to staff are recorded as receivables and decreases as staff repaid on installment basis.

Advance to contractors and consultants are recorded as receivable when paid and shall be settled against evidence of delivery of services or goods.

A provision for impairment of receivables is established when there is objective evidence that EEA will not be able to collect all amounts due according to the original terms of the receivables.



Ethiopian Economics Association
Notes to the Financial Statements
For the Year Ended 30 June 2024

2.9 Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through no exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Cost is determined using Weighted Average method.

Inventories held for distribution for members and to the public for free are recorded at cost, adjusted where applicable for any loss of service potential. Annual inventory on hand are valued at lower of cost and Net realizable value (or replacement cost). When the value of inventories counted at the end of reporting period are insignificant, EEA does not recognize them.

2.10 Other Receivables and Current Assets

Prepayment and deposits are stated at cost (at fair value of consideration exchanged when transaction occurred) and transferred to the appropriate expenditure account on a monthly basis with the equivalent value services rendered by the vendor.

Work advance and travel advance provided to the staff are also recorded and presented at cost and transferred to the appropriate expenditure account at the time of settlement after completion of the assignment.

EEA assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

2.11 Property, Plant and Equipment

2.11.1 Recognition and Measurement

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, EEA recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The materiality threshold for the recognition of PPEs is ETB 30,000.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to EEA and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognized. All repair and maintenance are charged to the statement of financial performance during the financial period in which it is incurred.



Ethiopian Economics Association
Notes to the Financial Statements
For the Year Ended 30 June 2024

2.11.2 Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

2.11.3 Depreciation

Depreciation on assets is charged on a straight-line basis at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life.

Asset Class	Depreciation	Useful life in years
Building	Straight Line	40
Equipment	Straight Line	10
Furniture	Straight Line	10
Generator	Straight Line	7
Computers and Accessories	Straight Line	5
Vehicle	Straight Line	10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount or recoverable service amount if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

2.12 Payables under exchange transactions

Payables and accruals are financial liabilities for goods or services that have been received but not paid by the reporting date. Payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Payables and accruals are of a short-term nature and are recognized at cost as the effect of discounting is not considered material.

2.13 Provisions

EEA has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. EEA expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.



Ethiopian Economics Association
Notes to the Financial Statements
For the Year Ended 30 June 2024

2.14 Leases The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

EEA as a lessee Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognized as an expense in the statement of financial performance on a straight-line basis over the lease term.

EEA as a lesser Leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income is recorded as earned based on the contractual terms of the lease. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Right-to-use arrangements Where EEA has signed an agreement for the right-to-use assets without legal title/ownership of the assets, e.g., through donated use granted EEA at no cost, the transaction is a non-exchange transaction. In this case, an asset and revenue is recognized at the point the agreement is entered into. Recognition of an asset is contingent upon satisfying criteria for recognition of an asset. Valuation of the asset will be the fair value of the resource for which the right to use was acquired at the date of acquisition. The asset is depreciated over the shorter of the asset's useful life and the right-to-use term. Revenue is also recognized at the same amount as the asset, except to the extent that a liability is also recognized.

2.15 Net Asset /Equity

EEA's equity comprises the initial cash and assets received from its member organizations. All subsequent transfers of cash and assets from the organization and donors as revenue and are recognized as revenues in the Statement of Financial Performance. The surplus from the revenue over expenditure will add up to the total net asset/equity of EEA.

2.16 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits or service potential will flow to EEA and the revenue can be reliably measured.

Revenue from Non-Exchange Transactions / Contributions and Transfers

Revenues from non-exchange transactions with entities such as transfers or contribution from private donors, from local and International charitable organizations and Local and Foreign government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property). However, If the transfer is attached with a condition and the conditions are legally enforceable, revenue is recognized to the extent of fulfilled conditions and a liability is recognized to the extent that a present obligation has not been satisfied.



Ethiopian Economics Association
Notes to the Financial Statements
For the Year Ended 30 June 2024

Revenue from exchange transactions

Revenue from Exchange Transactions for EEA includes membership fees; revenue from sales of publications, gains/losses on disposal of property, plant and equipment. Revenue comprises the fair value of consideration received or receivable for the sale of goods and services. Revenue is shown net of returns and discounts. Revenue is recognized when it can be reliably measured, when the inflow of future economic benefits is probable and when specific criteria have been met.

2.16 Expenditure

EEA expenditure is recognized on accrual basis. Expenditures are classified as program expenditure and administration expenditures. According to the Organization of Civil Societies Proclamation 1113/2020, EEA's administration expenditure should not exceed above 20% of the total Income for the reporting period. The classification of expenditure between administration and program is provided in the guideline issued by the Agency for Civil Society Organizations.

2.17 Employee Benefits and obligations

EEA has short term employee benefits that includes defined contribution plans. A defined contribution plan is a pension fund plan under which EEA pays fixed contributions in to a separate entity and has no legal or constructive obligations to pay further contributions. Obligations for contributions to defined contribution schemes are recognized as an expense in surplus and deficit in the period during which the services are rendered by employees.

2.17.1 Pension and Provident fund_ Short term benefit

EEA makes pension fund contribution on behalf of its employees. EEA's Pension fund contribution is 11 % on the basic salary of the employees employed in accordance with Private Organizations Employees' Pension Contribution Proclamation (2011). Employees contribute 7% of their basic salary for provident fund (7% those who are in the Pension Scheme). The Private Organization Employee's Pension Proclamation No 715/2011 requires a pension contribution is 7% and 11% by the employees and employers respectively to be deposited every month within 30 days from the end of each month. The pension fund is administered by the Private Organization Pension Fund Agency and there is no any other liability to EEA other than the above stated monthly contribution. Clearance for the release of a provident fund account to employees is granted when employees resigned EEA.

2.17.2 Vacation or Leave pay_ Short term benefit

Unused annual leave are accrued. Employees are entitled to get the equivalent salary for unused annual leaves up on employment contract termination.



Ethiopian Economics Association
Notes to the Financial Statements
For the Year Ended 30 June 2024

2.17.3 Severance Payable_ Long-term benefit

EEA accrues future liabilities on severance pay in accordance with Labor Proclamation No 1156/2020. The Proclamation requires employers to pay a severance pay of one month salary for the first year of services and 1/3 of monthly salary for each additional year of service for employees served more than five years or those who have been terminated by the will of the employer. EEA computed the severance payable to the extent of employees service year to the date of reporting based on the salary on the date of reporting taking into account staff turnover rates. Any employee who has served the Association at least two years and whose contract of employment is terminated except due to disciplinary and performance cases, shall be entitled severance pay. Due to the lack of reliable data on mortality rate, salary growth rate, discounting rate and other parameters, the management opted a simplified but more reasonable estimation approach for severance pay computation.

2.17 Financial risk management

EEA seeks to minimize its exposure to financial risk. It receive from its international donors on installment basis to avoid hording more cashes in its account. Cash transfer to partners is made on installment basis and subsequent trenches are transferred after settlement of previous advances.

EEA maintain some of its cash resources in foreign currency in order to ensure foreign currency payments on demand.

2.18 Related Parties

EEA regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the entity, or vice versa. Members of key management are regarded as related parties.

EEA established a separate business unit to manage the income generating activities including management of the real-estate business units, Cafe & restaurant unit and other services. The separation of the income generating unit is a result of EEA board decision to comply with the Civil Society laws of Ethiopia which requires charitable organization to manage income generating activities under a separate business unit established in accordance with relevant commercial codes.



**Ethiopian Economics Association
Notes to the Financial Statements
For the Year Ended 30 June 2024**

3 Notes to the Adoption of IPSAS

The financial statements for the year ended 30 June 2024 are the fifth time EEA financial statements prepared in accordance with IPSAS.

Accordingly, EEA has prepared financial statements that comply with IPSAS applicable as at 30 June 2024, together with the comparative period data for the year ended 30 June 2023, as described in the summary of significant accounting policies.

3.1 Exemptions applied

IPSAS 33 allows certain exemptions from the retrospective application of certain requirements under IPSAS. EEA didn't apply exemptions and opted for the preparation of comparative statement of Revenue and Expenditure.

3.2 Property, Plant and Equipment

The Management raised the materiality threshold to ETB 30,000. As a result, the carrying value of certain PPEs which doesn't meet the threshold are derecognized. The useful life of the assets were reassessed on the date of IPSAS adoption.

3.4 Employee Benefits

EEA provide for employee benefit in accordance with IPSAS 39. The adoption resulted a long term employee benefits of ETB 3,628,564.38 (Jun 30, 2024). ETB 2,101,255.29 recognized as a short term employee benefit as at June 30, 2024.

3.4.1 Short term Employee Benefit payable

Short term employee benefit is Annual leave payable, pension payables and other short term staff payables which will be settled within 12 months.

	<u>2024</u> <u>ETB</u>	<u>2023</u> <u>ETB</u>
Annual Leave payable	2,101,255.29	2,586,111

3.4.2 Long Term Employee Benefit Payable

Long term employee benefit represents severance pay payable

	<u>2024</u> <u>ETB</u>	<u>2023</u> <u>ETB</u>
Severance Payable	3,628,564.38	2,534,718



Ethiopian Economics Association
Notes to the Financial Statements
For the Year Ended 30 June 2024

4. Property, Plant and Equipment

	Balance as of June 30, 2023 as per IPSAS	Disposal	Addition	Adjustement	Balance as of June 30, 2024 as per IPSAS
Cost					
Office Equipment	456,850			- 218,500.00	238,350.00
Office Furniture	30,000			-	30,000.00
Vehicle	9,855,908	5,000,000.00	6,800,000.00	- 341,737.61	11,314,170.39
Computers	1,357,270		74,175.00	- 265,919.00	1,165,526.00
	11,665,028	5,000,000.00	6,874,175.00	- 826,156.61	12,748,046.39
Accumulated Depreciation					
Office Equipment	309,277		18,735.00	218,500.00	109,511.16
Office Furniture	30,000			-	30,000.00
Vehicle	4,268,639	1,576,317.59	1,081,088.30	341,737.61	3,431,672.34
Computers	802,782		226,637.16	273,199.33	756,220.31
	5,410,698	1,576,317.59	1,326,460.46	833,436.94	4,327,403.81
Book Valule					
Office Equipment	147,573				128,838.84
Office Furniture	-				-
Vehicle	5,587,269				7,882,498.05
Computers	554,488				409,305.69
Total	6,289,330				8,420,642.58



Ethiopian Economics Association
Notes to the Financial Statements
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5. Debtors

Debtors include loan advances to staff members, Sundry Debtors and VAT receivables. The management didn't foresee any credit losses in connection with the outstanding balances.

	<u>2024</u>	<u>2023</u>
	<u>ETB</u>	<u>ETB</u>
Staff Debtors	502,264.08	1,034,013
Sundry Debtors	17,147.00	387,938
VAT Receivables	11,799.31	11,799
	<u>531,210.39</u>	<u>1,433,750</u>

6. Cash and cash equivalents

All cash and bank balances are represented by largely by cash in bank with small amount of petty cash fund. The cash and cash equivalents balance as of June 30, 2004 as follows

	<u>2024</u>	<u>2023</u>
	<u>ETB</u>	<u>ETB</u>
Cash on Hand	-	-
Cash at Bank	37,371,403	47,137,564
	<u>37,371,403</u>	<u>47,137,564</u>



Ethiopian Economics Association
Notes to the Financial Statements
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7. Payables

7.1 Creditors

Grant and Contract payables are unrestricted grant received from donors. The balance will be transferred to Profit and loss account when spent.

	<u>2024</u>	<u>2023</u>
	<u>ETB</u>	<u>ETB</u>
Sundry payables	516,600.00	3,604
	<u>516,600.00</u>	<u>3,604</u>

7.2 Tax and Pension Payables

Tax payables are withholds from employees income tax and pension contribution and withholding taxes collected from vendors to be settled within 30 days from the date of collection

	<u>2024</u>	<u>2023</u>
	<u>ETB</u>	<u>ETB</u>
Income Tax Payables	533,819	633,015
Withholding Tax Payables	219,428	57,230
Pension Fund Payable	265,823	258,236
	<u>1,019,069.49</u>	<u>948,480</u>

7.3 Employee Benefits

7.3.1 Short term Employee Benefit payable

Short term employee benefit is vacation leave payable, pension payables and other short term staff payables which will be settled within 12 months.

	<u>2024</u>	<u>2023</u>
	<u>ETB</u>	<u>ETB</u>
Annual Leave Payable	<u>2,101,255.29</u>	<u>2,586,111</u>

7.3.2 Long Term Employee Benefit Payable

Long term employee benefit represents severance pay payable

	<u>2024</u>	<u>2023</u>
	<u>ETB</u>	<u>ETB</u>
Severance Payable	<u>3,628,564.38</u>	<u>3,534,718</u>



**Ethiopian Economics Association
Notes to the Financial Statements
For the Year Ended 30 June 2024**

8. Related Party Transactions

8.1 Related Entities

Related party transactions represent transactions with senior management of EEA. The EEA Board of Directors approved the establishment of an Income Generating Unit, which is fully owned by EEA which has been established from 1st of July 2020.

8.2 Key Management Personnel

Key management personnel in 2023/24, comprise the Chief Executive Officer, Director, Research and Policy Analysis, Director, Communication & Partnership, Research Project Coordinator and Director, Admin & Finance. The remuneration of key management personnel's is as follows:

8.3 Compensation of key management personnel

	<u>2024</u>	<u>2023</u>
	<u>ETB</u>	<u>ETB</u>
Salaries	10,101,563.00	11,424,468
Employee benefits	4,521,793.64	6,688,090
	<u>14,623,356.64</u>	<u>18,112,558</u>
No of Key management personnel	5	5

8.4 Related Party Transactions

The IGA unit of the Association has been approved by the Board to operate with its own management structure and reports its financial statements in accordance with business accounting principles since July 1,2020. As of the reporting date, it has not declared the tax due and the net result has not been incorporated in these financial statements

The investment in IGA amounting to Birr 27,571,563.05 was presented at historical costs instead of revaluation amount



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Notes to the Financial Statements
For the Year Ended 30 June 2024**

9. Revenue

9.1 Grants/Donation

	<u>2024</u> <u>ETB</u>	<u>2023</u> <u>ETB</u>
9.1.1 Donation		
Donation in Kind	3,000,000.00	-
9.1.2 Project Funds		
Somali Revenue Bureu	3,474,424.00	5,005,837
Construction Management Institute	1,529,005.50	3,567,680
European Union	1,491,032.70	6,313,000
SHiFT	1,100,101.65	1,258,020
Frederich Ebert Stiftung	874,073.02	1,474,459
Oromia Planing & Development Commision	400,000.00	2,841,289
GPG_NYUAD	202,167.27	652,670
Development Initatives	166,600.80	376,670
UN ECA	165,584.40	157,359
Tis Abay College	-	87,325
ACBF	-	636,617
African Economic Research	-	178,960
USAID/OTI	-	2,911,838
OPDC_HDI	-	5,999,541
Ethiopian Chamber of Commerce	-	172,403
Commercial Bank of Ethiopia	-	1,350,315
CIPE	-	422,247
UNICEF	-	2,164,337
Action Aid Ethiopia	-	671,409
Bill & Mellinda Gate Found_GPG	-	13,620,606
Agricultural Transformation Institute	9,968,770.00	-
OPDC-URBAN	3,721,929.00	-
World Food Programme	775,485.00	-
WORLD BANK	409,899.75	-
London School of Economics(IGC)	200,889.62	-
Policy Studies Institute	25,000.00	-
	24,504,962.71	49,862,580



**Ethiopian Economics Association
Notes to the Financial Statements
For the Year Ended 30 June 2024**

9.2 Other Income

	<u>2024</u> <u>ETB</u>	<u>2023</u> <u>ETB</u>
Membership Fee	119,384.00	124,130
Sales of publications	16,710.00	74,320
Gain on Sale of assets	1,696,317.59	-
Gain on Foreign Exchange	1,479,189.28	2,372,616
IGA Income	5,000,000.00	
Sundry	12,300.00	33,820
	<u>8,323,900.87</u>	<u>2,604,886</u>

10. Expenditures

10.1 Program

	<u>2024</u> <u>ETB</u>	<u>2023</u> <u>ETB</u>
Program service	168,241.92	856,795
Salaries and Wages	14,478,946.62	17,867,977
Employee benefits	2,654,290.88	2,904,853
Printing and Publishing	268,777.25	502,369
Workshops, Conferences and General Assembly	926,061.90	861,600
Project Expenditures (Research Study)	13,683,218.50	34,466,540
EEA Chapters	429,299.86	326,783
Employee Benefits - Severance Pay	606,164.97	-
Employee Benefits - Annual leave	203,761.36	638,651
	<u>33,418,763.26</u>	<u>58,425,568</u>



Ethiopian Economics Association
Notes to the Financial Statements
For the Year Ended 30 June 2024

10.2 Administration

	<u>2024</u>	<u>2023</u>
	<u>ETB</u>	<u>ETB</u>
Salaries and Wages	2,458,947.84	2,315,909
Employee Benefits	505,224.28	496,990
Printing, Stationeries and supplies	93,068.88	21,613
Exchange Rate loss	6,858.24	194,092
Communication	218,583.65	144,487
Repair and Maintenance Off, Equip & Computers	98,202.00	11,575
Vehicle Running Costs	474,350.58	251,666
Fuel & Lubricant	235,733.00	107,105
Insurance	836,708.25	738,856
Bank Charges	15,734.11	232,852
Advertisement and Promotion	81,887.56	45,984
Cash Indemnity	6,000.00	6,000
Depercation expense	1,326,460.46	985,815
Travel and Perdiem	9,506.57	18,758
Subscription	7,650.00	13,246
Professional Fee	-	15,206
Audit Fee	35,185.00	35,185
Legal Fee	181,200.00	166,017
Staff meeting & training	46,353.85	74,704
Uniforms and Outfits	11,000.00	7,900
Office Equipments	8,250.00	50,131
Parking Fee	12,000.00	2,075
Employee Benefits - Severance Pay	54,983.21	209,176
Employee Benefits - Annual leave	125,968.52	33,618
Loading & Unloading	8,600.00	7,020
Miscellaneous	-	1,600
	6,858,456.00	6,187,578



**Ethiopian Economics Association
Notes to the Financial Statements
For the Year Ended 30 June 2024**

10.3 Percentage of Program & Administration Expenditure from Total Revenue

In accordance with the Civil Societies Proclamation No 1113/2019 civil societies are required to present expenditure report by classifying as program and administration expenditures. Civil societies' administrative expenditure should not exceed 20% of the total income in the reporting period. Accordingly, EEA administration expenditure comprises 19.14 % of the total income.

11. Contingencies and Commitments

There were no contingent liabilities at the reporting date of 30 June,2024. In addition, there were no commitment for capital expenditure in the reporting date.

12. Events after the reporting period

There are no material post-balance sheet events which could have material effect on the financial statements

