

**ETHIOPIAN ECONOMIC  
ASSOCIATION  
INCOME GENERATION ACTIVITY  
(EEA-IGA)**

**FINANCIAL STATEMENTS AND  
AUDIT REPORT  
07 JULY 2024**

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**INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS OF  
ETHIOPIAN ECONOMIC ASSOCIATION INCOME GENERATING ACTIVITY (IGA)*****Qualified Opinion***

We have audited the financial statements of Ethiopian Economics Association Income Generating Activity set out on pages 3-21, which comprise the statement of financial position as at 07 July 2024, statement of Profit and Loss and other Comprehensive Income, Cash Flow statement and Statement of Changes in Equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, Except for the effect of the matter described in the Basis for Qualified Opinion section of our report, The accompanying financial statements present fairly, in all material respects, the financial position of the company as at 07 July 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

***Basis for qualified Opinion***

1. We noted that the IGA's paid up capital as per ledger balance is Birr 27,721,563 but the balance on business license is Birr 150,000 which shows a difference of Birr 27,571,563.

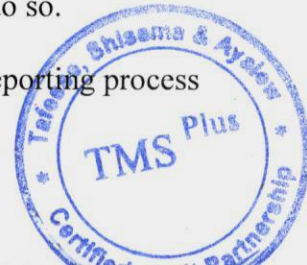
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with 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 qualified 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 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.

In preparing the financial statements, management is responsible for assessing the Company'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 business or to cease operations or have no realistic alternative but to do so.

Management is responsible for overseeing the Company'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.

*Ty.shi & Am*

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



Addis Ababa  
26 August 2024



**ETHIOPIAN ECONOMIC ASSOCIATION - IGA**  
**STATEMENT OF FINANCIAL POSITION**  
**BALANCE AS AT 07 JULY 2024**

		Currency: Ethiopian Birr	
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>		<u>Notes</u>	
		<u>7-Jul-2024</u>	<u>7-Jul-2023</u>
Property, plant and equipment, net	5	29,945,280.70	26,193,291
Right to use assets	6	481,460.01	487,175
Government Security	7	42,145.00	42,145
Deffered tax asset	9	191,898.08	116,815
		30,660,783.79	26,839,426
<b>CURRENT ASSETS</b>			
Inventory		155,133.71	154,107
Trade and Other receivables	8	3,232,413.30	1,098,795
Cash and bank balances	10	5,563,467.37	6,750,466
		8,951,014.38	8,003,368
<b>TOTAL ASSETS</b>		39,611,798.17	34,842,794
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Paid up capital	11	27,721,563.00	27,721,563
Retained earning	12	3,546,758.99	(3,883)
		31,268,321.98	27,717,680
<b>NON-CURRENT LIABILITIES</b>			
Severance payable	13.2	248,923.54	161,074
Long term lease payable	14	305,863.09	305,863
Related party		-	370,000
Deffered tax liability	9	3,272,103.08	3,016,583
		3,826,889.71	3,853,520
<b>CURRENT LIABILITIES</b>			
Annual leave payable	13.1	390,737.01	227,547
Trade and other payables	15	2,064,628.14	1,705,012
Profit tax for the year	21	972,321.84	
Other taxes payable	16	1,088,899.49	1,339,035
		4,516,586.48	3,271,594
<b>TOTAL LIABILITIES</b>		8,343,476.19	7,125,114
<b>EQUITY AND LIABILITIES</b>		39,611,798.17	34,842,794



**ETHIOPIAN ECONOMIC ASSOCIATION - IGA  
STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 07 JULY 2024**

Currency: Ethiopian Birr

	<u>Notes</u>		<u>2023</u>
<b>REVENUE</b>	17	22,024,765.16	8,908,175
Other income	18	247,956.56	1,745,424
		<u>22,272,721.72</u>	<u>10,653,600</u>
<b>Cost</b>	19	(10,366,915.73)	(6,351,001)
		<u>11,905,805.99</u>	<u>4,302,599</u>
Administrative expense	20	(6,889,323.75)	(1,754,509)
<b>Operating profit</b>		<u>5,016,482.25</u>	<u>2,548,090</u>
Provision for profit tax	21	<u>1,285,402.58</u>	<u>(392,651)</u>
<b>Profit after tax</b>		<u>3,731,079.67</u>	<u>2,523,056</u>
Deferred tax income/expense/	9	(180,437.16)	(25,034)
<b>Net Profit/Loss for the year</b>		<u><u>3,550,642.51</u></u>	<u><u>2,130,405</u></u>



**ETHIOPIAN ECONOMIC ASSOCIATION - IGA**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 07 JULY 2024**

**Currency: Ethiopian Birr**

	<b>Paid up Capital</b>	<b>Retained Earning</b>	<b>Total</b>
<b>Balance at 07 July 2022</b>	27,721,563	(1,738,797)	25,985,766.24
Profit for the period		2,130,405.36	2,130,405.36
Prior year adjustment		(276,314.24)	(276,314.24)
Equity Charged for office space usage		(119,177.50)	(119,177.50)
<b>Balance at 07 July 2023</b>	27,721,563.00	(3,883.14)	27,717,679.86
Profit for the period		3,550,642.51	3,550,642.51
Prior year adjustment	-	152,386.48	152,386.48
Equity Charged for office space usage		(152,386.86)	(152,386.86)
<b>Balance at 07 July 2024</b>	27,721,563.00	3,546,758.99	31,268,321.99



**ETHIOPIAN ECONOMIC ASSOCIATION - IGA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 07 JULY 2023**

Notes

Currency :- Ethiopian Birr

**Cash flow from Operating activities**

			<b>2023</b>
Profit for the year		5,016,482.25	2,548,090
Add: Depreciation		1,680,182.80	979,499
Less Deprecation Charged to EEA		(152,386.86)	(119,178)
Depreciation of Right to use Assets		5,714.70	5,715
Less: recognized on Government Security		-	-
Capital adjustment		-	-
Deferred tax income/expense/		-	-
Other adjustment		152,386.48	(521,013)

**Cash flow from operating activities before working capital changes**

		6,702,379.36	2,893,112
Decrease/Increase/ in current trade and other receivables	8	(2,133,618.61)	(264,019)
Increase/Decrease/ in employee benefit-annual leave	13.1	163,189.72	26,711
Increase/Decrease/ in employee benefit- severance	13.2	87,849.33	
Increase/Decrease/ in Inventory		(1,026.91)	(154,107)
Increase/Decrease/ in short term trade and other payables	15	359,616.58	665,869
Increase/Decrease/ in other tax payables	16	(250,135.58)	599,187
<b>Taxation</b>			
Profit tax paid			-
Withholding tax paid		(313,080.74)	(147,952)

**Net Cash flow from operating activities****Cash flow from investing activities**

Purchase of property, plant and equipment	5	(5,432,172.25)	(1,224,482)
Addition on lease land			
<b>Net Cash flow from Investing activities</b>		(5,432,172.25)	(1,224,482)

**Cash flow from Financing activities**

Related party payable		(370,000.00)	370,000
Lease payment		-	(38,268)

**Net Cash flow from Financing activities**

<b>Net increase in cash and cash equivalent</b>		(1,186,999.09)	2,726,052
Cash and cash equivalents at the beginning of the year		6,750,466.46	4,024,415
Cash and cash equivalents at the end of the year		5,563,467.37	6,750,466

**Components of cash and cash equivalents**

Cash on hand			-
Cash at bank	10	5,563,467.37	6,750,466
		5,563,467.37	6,750,466



**ETHIOPIAN ECONOMIC ASSOCIATION - IGA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JULY 7, 2024**

**1. GENERAL BACKGORUND**

About EEA

The Ethiopian Economic Association - Income Generating Activity (EEA-IGA) is a business unit wing of the Ethiopian Economics Association. The Ethiopian economic Association was established as a non-profit and independent professional organization 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 Association has established, under it, the Ethiopian Economic Policy Research Institute (EEPRI) in July 2000 as its research wing. 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.

The EEA Executives established the EEA-IGA as a separate business unit wing, which is fully owned by EEA, in accordance with the Ethiopian Trade laws. The association executive committee has an oversight role on the policy and other key decision making processes on the operation of the EEA-IGA. The General Manager of the IGA is accountable to the Secretary General of EEA. EEA-IGA is a tax paying business units. It pays dividends to the EEA annually an amount determined by the Executive Committee of EEA.

The Executive Committee elected by the General Assembly and serving for three years provides leadership. The secretariat of EEA is an employed staff who manages the day to day activities of the Association. •

Vision, Mission Goal

**Vission:** "To see a financially sustaianle EEA so that EEA becomes the premier Economic Association in Africa renowned for its excellence in membership services and economic policy research."

**Mission:** To generate return to EEA so that EEA can actively engaged in Economic research, training, organization of International and National conferences and round table discussions on the Ethiopian economy and the dissemination of the results of these activities through its professional journals and various publications.





**ETHIOPIAN ECONOMIC ASSOCIATION - IGA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JULY 7, 2024**

**A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

2.1 Introduction to 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**

These financial statements, for the year ended July 7, 2022, are the first EEA-IGA has prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The designation IFRS includes all standards issued by the IASB and related interpretations issued by the International Financial Reporting Implementation Committee (IFRIC). These financial statements are also the first financial statements for EEA-IGA, as it is established on the 8th of July 2020.

**2.2.1 Going Concern**

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

**2.2.2 New Standards which are not adopted earlier**

IFRS 17: Insurance

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023. When applied in 1 January 2023, this standard will not have a significant impact on the financial statements of EEA-IGA.



**ETHIOPIAN ECONOMIC ASSOCIATION - IGA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JULY 7, 2024**

**2.2.3 Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability Or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by EEA-IGA.

**2.3 Cash and Cash Equivalents**

According to IAS 7, Cash and cash equivalents are highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For EEA-IGA, cash and cash equivalents comprise cash on hand and cash at bank.

**2.4 Inventories**

Inventories, comprising supplies purchased for repair and maintenance of buildings and other consumable stationery and related items. Inventories are initially measured at cost and subsequently at the lower of cost and net realizable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

**2.5 Property, Plant and Equipment**

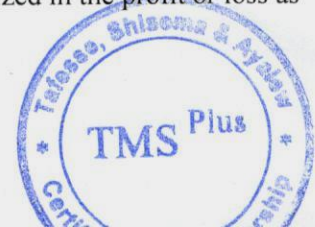
**2.5.1 Recognition and Measurement**

Property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment comprises: its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period; including appropriate borrowing costs capitalized as per IAS 23.

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and any accumulated impairment loss.

Where an item of property, plant and equipment comprises significant components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

When significant parts of property, plant and equipment are required to be replaced at intervals, EEA-IGA 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 the profit or loss as incurred.



**ETHIOPIAN ECONOMIC ASSOCIATION - IGA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JULY 7, 2024**

**2.5.2 Depreciation**

Depreciation is recognized in profit and loss and begins when the asset is available for use, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is provided on a straight-line basis over the estimated useful life of the assets as follows:

Asset Class	Residual Value	Useful life in years
Building	10%	40
Office Furniture	-	10
Office Equipment	-	10
Vehicles	-	10
Generators	-	7
Computers and Printers	-	5

The management estimated a residual value of 10% for building by the end of the useful life of the assets. The residual values of all other assets will be close to nil, and a nominal value of ETB 100 may be retained for fully depreciated assets for the purpose of internal control.

**2.6 Impairment of Non-Financial Assets**

Impairment tests on non-financial assets including property, plant and equipment and intangible assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Impairment charges are recognized in the Statement of profit and loss.

**2.7 Financial Instruments**

Financial assets and financial liabilities are recognized in the statement of financial position when EEA-IGA becomes a party to the contractual provisions of the financial instrument.

**2.7.1 Financial Assets**

**2.7.1.1 Recognition and measurement of financial assets**

EEA-IGA recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. EEA-IGA initially recognizes trade and other receivables on the date of transaction.

At initial recognition, EEA-IGA measures a financial asset at its fair value plus, in the case of financial asset not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction cost of a financial asset measured at fair value through profit or loss is recognized as profit or loss.



**ETHIOPIAN ECONOMIC ASSOCIATION - IGA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JULY 7, 2024**

**2.7.1.2 Classification of financial assets**

EEA-IGA classifies financial assets at initial recognition as financial assets measured at amortized cost. EEA-IGA neither has debt instruments measured at fair value through other comprehensive income, nor equity instruments measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss.

A financial asset that meets both the following condition is classified as a financial asset measured at amortized cost.

- The financial asset is held within EEA-IGA's business model whose objective is to hold assets in order to collect contractual cash flows.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction cost directly attributable to the asset. After initial recognition, carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

**2.7.1.3 Derecognition of financial assets**

EEA-IGA derecognizes its financial asset if the contractual rights to the cash flows from the financial assets expire, or EEA-IGA transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or continuously retained by EEA-IGA are recognized as a separate asset or liability.

**2.7.2 Financial Liabilities**

**2.7.2.1 Recognition and measurement of financial liabilities**

EEA-IGA recognizes financial liabilities when EEA-IGA becomes a party to the contractual provisions of the instruments. The measurement of financial liability is explained below Classification of financial liabilities.

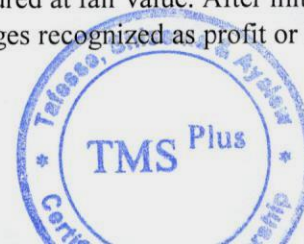
**2.7.2.2 Classification of financial liabilities**

**Financial liabilities measured at amortized cost**

A financial liability other than those measured at fair value through profit or loss is classified as a financial liability measured at amortized cost. A financial liability at amortized cost is initially measured at fair value less transaction cost directly attributable to the issuance of the financial liability. After initial recognition, the financial liability is measured at amortized cost based on the effective interest rate method.

**Financial liabilities measured at fair value through profit or loss**

A financial liability measured at fair value through profit or loss is initially measured at fair value. After initial recognition, the financial liability is measured at fair value with subsequent changes recognized as profit or loss.



**ETHIOPIAN ECONOMIC ASSOCIATION - IGA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JULY 7, 2024**

**2.7.2.3 Derecognition of financial liabilities**

EEA-IGA derecognizes a financial liability when the financial liability is distinguished, i.e. when the contractual obligation is discharged or cancelled or expired.

**2.7.3 Presentation of financial assets and liabilities**

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when EEA-IGA currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**2.7.4 Impairment of financial assets**

EEA-IGA recognizes 12-month expected credit loss as loss allowance when there is no significant increase in the credit risk since initial recognition. When there is a significant increase in credit risk since initial recognition, expected credit losses for the remaining life of the financial assets are recognized as loss allowance. Whether credit risk is significantly increased or not is determined based on the changes in default risk. However, EEA-IGA always measures loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses.

Expected credit losses are measured based on the discounted present value of the differences between the contractual cash flows and the cash flows expected to be received.

**2.8 Employee Benefits**

EEA-IGA has a defined benefit plan which follows the Labor Proclamation No. 377/2003 in which it effects severance pay for those employees who voluntarily leaves EEA-IGA after 5 and plus years of service. The payment made is based on employees' final salary.

EEA-IGA uses estimates, employee's retention rate beyond five years of employment services. The rate of employees who stay until retirement age and foregone the severance pays in favor of late retirement is also considered in the computation. The severance pay is then computed to the extent of company liability as of the reporting date. The management believes that key assumptions to be used for actuary computation are not readily available and too complex to estimate as there is no disaggregated and reliable national data on demography, life expectancy, GDP growth, inflation, and discounting rate. The management believes that the method used for estimation of the employee benefit liabilities is more reliable than any other alternate method.

EEA-IGA accounts for annual leaves by providing in full for all unused leaves.

EEA-IGA has a defined contribution plan in line with the provisions of Ethiopian pension of private organization employees' proclamation 715/2011. Funding under the scheme is 7% and 11% by employees and EEA-IGA respectively. The pension scheme is based on employees' monthly salary.

Employer's contributions to this scheme are charged to profit or loss and other comprehensive income in the period in which they relate.



**ETHIOPIAN ECONOMIC ASSOCIATION - IGA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JULY 7, 2024**

**2.8.1 Termination benefits**

Termination benefits are payable to employees as per proclamation 377/2003 when employment is terminated by EEA-IGA before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. EEA-IGA recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

**2.9 Provisions**

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Where EEA-IGA expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

**2.10 Income Taxes**

Income tax comprises current tax expense and deferred tax.

**2.10.1 Current Income Taxes**

Current tax is the amount of income taxes payable in respect of the taxable profit for a period.

**2.10.2 Deferred Tax**

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base.

Recognition of deferred tax assets for unused tax (losses), tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available which allow the deferred tax asset to be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**2.11 Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to EEA-IGA and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The outcome of the transaction can be measured reliably when all the following conditions are satisfied:

- The amount of the revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to EEA-IGA;



**ETHIOPIAN ECONOMIC ASSOCIATION - IGA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 7, 2024**

when the service delivered at the balance date can be measured reliably; and

The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction cannot be estimated reliably, revenue should be recognized only to the extent of the expenses recognized that are recoverable.

For Rental income: When a rental service is provided, revenue is recognised in the period the service is provided. Advance rental income received are recorded as a liability (as deferred revenue) and transferred to revenue as the service rendered.

Sales of Products: Revenue from sales of publications and other goods is recognised up on delivery of the goods to the buyers at the agreed up on delivery point, where responsibility of ownership is transferred.

Sales of Scraps and product wastes: Revenue from sales of scraps is recognised when the goods are delivered and ownership is transferred to the buyers.

interest revenue: Interest revenue is measured using the effective interest rate as per agreed with the bank or borrower.

### **2.12 Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

Financing costs are capitalized at interest rates relating to loans specifically raised for that purpose, or at the weighted average borrowing rate where the general pool of Company borrowings is utilized. Capitalization of borrowing costs ceases when the asset is substantially complete.

Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs'.

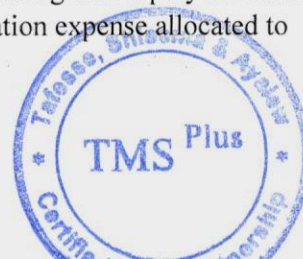
### **2.13 Foreign Currencies**

The functional currency of EEA-IGA is the Ethiopian Birr. EEA-IGA's presentation currency is also the Ethiopian Birr (ETB). EEA-IGA's transactions are all in ETB

### **2.14 Investment in properties**

Investment properties are measured initially at cost, including transaction costs. After initial recognition, investment property is accounted for in accordance with the cost model as set out in IAS 16 Property, Plant and Equipment – cost less accumulated depreciation and less accumulated impairment losses.

Small portion of the investment property is used by EEA. The equivalent depreciation is charged to equity account. Hence, the P&L of EEA-IGA only contains the depreciation expenses net of the depreciation expense allocated to EEA internal use.



**ETHIOPIAN ECONOMIC ASSOCIATION - IGA  
NOTES OF FINANCIAL STATEMENT  
FOR THE YEAR ENDED 07 JULY 2024**

**5. PROPERTY PLANT AND EQUIPMENT**

	Buildings	Computers	Office Equipment	Generator	Others	Total
	ETB	ETB	ETB	ETB		ETB
At 07 July 2023	33,647,315.28	70,404.86	997,090.90	408,324.34	335,413.04	<b>35,458,548.42</b>
Additions		802,234.80	2,857,739.12	1,591,304.36	180,893.97	5,432,172.25
At 07 July 2024	<b>33,647,315.28</b>	<b>872,639.66</b>	<b>3,854,830.02</b>	<b>1,999,628.70</b>	<b>516,307.01</b>	<b>40,890,720.67</b>
Depreciation and impairment						
At 08 July 2023	8,703,911.01	27,410.67	102,702.28	366,677.76	64,555.43	<b>9,265,257.15</b>
Depreciation charge for the year	757,064.59	174,527.93	385,483.00	285,661.24	77,446.05	1,680,182.82
At 07 July 2024	<b>9,460,975.60</b>	<b>201,938.60</b>	<b>488,185.28</b>	<b>652,339.00</b>	<b>142,001.48</b>	<b>10,945,439.97</b>
<b>Book value</b>						
At 07 July 2023	<b>24,859,285.98</b>	<b>42,994.19</b>	<b>894,388.62</b>	<b>41,646.58</b>	-	<b>26,193,291.27</b>
At 07 July 2024	<b>24,186,339.68</b>	<b>670,701.06</b>	<b>3,366,644.74</b>	<b>1,347,289.70</b>		<b>29,945,280.70</b>

Note

Ethiopian Economic association is using part of the Building and Generator (14.61%) of total Area.

There fore, part of the deprecation is deducted and the remaining (85.39 %) is charged to the profit and loss Statement of IGA as follows.

	Building	Generator	Total
Total Deperdcation of the year	757,064.59	285,661.24	1,042,725.83
Transfer to EEA	(110,651.75)	(41,735.11)	(152,386.86)
Portion to IGA	<b>646,412.84</b>	<b>243,926.13</b>	<b>890,338.97</b>





**ETHIOPIAN ECONOMIC ASSOCIATION - IGA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 7, 2024**

**9. Deffered Tax**

Deffered taxation is estimated on all temporary differences under the liability method using the currently enacted tax rate of

	<u>7-Jul-2024</u>	<u>7-Jul-2023</u>
Deffered tax asset (Note c )	191,898.08	116,815
Differed tax liabilities (Note a)	(3,272,103.08)	(3,016,583)
Total deffered tax assets/(liabilities)	<u>(3,080,205.00)</u>	<u>(2,899,768)</u>
Movement on deffered tax asset and liabilities)	<u>180,437.16</u>	<u>25,034</u>

**(a) Differed tax liability-PPE**

PPE Carrying amount per tax	19,038,270.45	16,138,015
PPE Carrying amount per IFRS	<u>29,945,280.70</u>	<u>26,193,291</u>
Temporary deference	10,907,010.25	10,055,277
Deffered tax liabilities on temporary differences at 30%	<u>3,272,103.08</u>	<u>3,016,583</u>
	<u>3,272,103.08</u>	<u>3,016,583</u>

**(b) deffered tax asset**

Severance (Note ,c)	191,898.08	116,815
	<u>191,898.08</u>	<u>116,815</u>

**(c) deffered tax Asset- Severance and annual live**

Annual live expense per company record	390,736.72	227,547
Severance expense per company record	<u>248,923.5</u>	<u>161,837</u>
Temporary deference	<u>639,660.26</u>	<u>389,384</u>
Deffered tax asset on temporary differences at 30%	<u>191,898.08</u>	<u>116,815</u>

**10. Cash and Cash equivalents**

Any amount where it satisfies the definition of cash and cash equivalent categorized into cash accounts.

	<u>7-Jul-2024</u>	<u>7-Jul-2023</u>
Cash on hand	45,628.35	-
Cash at bank	<u>5,517,839.02</u>	<u>6,750,466</u>
	<u>5,563,467.37</u>	<u>6,750,466</u>



**ETHIOPIAN ECONOMIC ASSOCIATION - IGA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JULY 7, 2024**

**11. Equity**

**11.1. Paid up Capital**

	<u>7-Jul-2024</u>	<u>7-Jul-2023</u>
	27,721,563.00	27,721,563
	<u>27,721,563.00</u>	<u>27,721,563</u>

The initial capital of EEA-AG is ETB 27,571,563.05 which represents the initial transfer of net assets from EEA and cash contribution Birr 150,000 at the time of establishment of EEA-IGA, as of July 8, 2020.

The capital indicated on the trade license is only Birr 150,000.00

	<u>7-Jul-2024</u>	<u>7-Jul-2023</u>
<b>12. Retained earning</b>		
Opening Balance	(3,883.14)	(1,738,797)
Profit /loss/ for the year	3,550,642.51	2,130,405
Equity Charged for office space usage	(152,386.86)	(119,178)
Prior period year adjustment	152,386.48	(276,314)
	<u>3,546,758.99</u>	<u>(3,883)</u>

**13. Employee Benefits**

**13.1 Annual leave payable**

	<u>7-Jul-2024</u>	<u>7-Jul-2023</u>
Opening balance	227,547.29	200,837
Current service cost	163,189.72	26,710.29
Payment	-	-
Ending balance	<u>390,737.01</u>	<u>227,547</u>

The severance benefits are based on the statutory severance benefit as set out in Labour Proclamation No. 377/2003, as

**13.2 Severance payable**

	<u>7-Jul-2024</u>	<u>7-Jul-2023</u>
Opening balance	161,074.21	161,074
Current service cost	87,849.33	-
Payment	-	-
Ending balance	<u>248,923.54</u>	<u>161,074</u>

**14. Lease Payables**

The Associations obtained a 2011 meter square land at a lease cost of ETB 642,903.29 from Addis Ababa City Administration, Land Administration Authority for the lease life of 99 years, starting from June 23, 2003. The lease right granted with a 20% advance payment of lease price . The annual lease payment is ETB 25,716.13 for a period of 20 years. Interest also shall be paid on the outstanding unpaid lease amount at a prevailing bank interest rate.

Balance as at July 8, 2023	305,863.09
Less : current year payment	-
Balance as at July 7, 2024	<u>305,863.09</u>



**ETHIOPIAN ECONOMIC ASSOCIATION - IGA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 7, 2024**

**15. Trade and other payables**

	<u>7-Jul-2024</u>	<u>7-Jul-2023</u>
Tenants' Security Deposit	844,563.92	667,764
Unearned Revenue	1,184,512.81	967,649
Sundry Creditors	32,518.34	69,084
Staff Creditors	3,033.07	514
	<u>2,064,628.14</u>	<u>1,705,011.56</u>

**16. Other tax payables**

	<u>7-Jul-2024</u>	<u>7-Jul-2023</u>
VAT payables	807,906.59	608,571
Provident Fund Payables	4,099.80	34,885
Employee Income Tax Payable	98,034.28	259,179
Withholding Tax Payables	83,720.18	59,176
Pension Payables	61,284.14	132,525
Profit Tax Payable- Previous year	33,854.50	244,697
	<u>1,088,899.49</u>	<u>1,339,033.07</u>

**250,133.58**

**17. Revenue**

	<u>7-Jul-2024</u>	<u>7-Jul-2023</u>
Catering Income	7,175,296.83	
Consultancy	2,702,567.60	
Rent	12,146,900.73	8,908,175
	<u>22,024,765.16</u>	<u>8,908,175</u>

**18. Other Income**

Other Income	58,272.16	1,470,986
Interest income - Bank	189,684.40	274,439
	<u>247,956.56</u>	<u>1,745,424</u>



**ETHIOPIAN ECONOMIC ASSOCIATION - IGA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 7, 2024**

<b>19. Cost</b>	<b><u>7-Jul-2024</u></b>	<b><u>7-Jul-2023</u></b>
Facility service costs	4,881,679.33	4,022,620
Cafe Service Costs	4,728,171.80	1,571,317
Depreciation Expense	757,064.59	757,065
	<u>10,366,915.73</u>	<u>6,351,001</u>
<b>20. Administrative Expense</b>	<b><u>7-Jul-2024</u></b>	<b><u>7-Jul-2023</u></b>
Salary and Wages - Admin Sta	374,705.86	26,787
Annual leave	163,189.43	26,711
Pension Expense	30,097.12	323,358
Allowances	41,378.94	-
Repair & Maintenance Building	1,703,125.02	-
Maint Material Purch or Rent	480,506.13	-
Maintenance Service Cost	81,081.38	-
Consultancy Fee	410,121.74	-
Uniforms & Outfits	94,990.42	19,439
Depreciation Expense	252,027.42	103,257
Amortization	5,714.70	5,715
Insurance	252,626.82	161,015
Printing, Stationeries and Sup	199,140.40	55,180
Cleaning & Sanitation	17,678.17	135,538
Utilities	195,304.38	205,194
Communication	15,869.87	3,120
Repair & Maint. - Equip,Furnit	79,846.68	26,384
Vehicle Running Costs	342,334.40	162,578
Bank Charges	16,879.64	14,697
Building Tax & Occupancy Permt	40,180.00	19,739
Advertisement and Promotion	66,747.83	50,207
Professional Fee	1,161,408.04	31,518
Audit Fee	63,024.13	39,113
Severance expense	87,849.33	
Legal Fee	20,869.57	
Fuel	331,739.04	180,757
Daily Laborer	206,930.00	73,727
Transport Expense	80,094.71	46,476
Disallowed Expense	52,857.44	
Staff Meeting-Refreshment		32,508
Miscellaneous	21,005.13	11,493
	<u>6,889,323.75</u>	<u>1,754,509</u>



**ETHIOPIAN ECONOMIC ASSOCIATION - IGA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 7, 2024**

<b>21. Tax Reconciliation as per IFRS and tax</b>	<b>7-Jul-2023</b>	<b>7-Jul-2023</b>
<b>Profit/Loss befor tax per IFRS</b>	5,016,482.25	2,523,056
Loss brought forward	-	-
Add : Dep of IFRS	1,685,897.52	866,036
Less: Dep of tax	(2,531,916.30)	(1,857,562)
Add: Non allowable expense	52,857.44	-
Impairment Loss on Government security	-	-
Less : Differed tax income/expense/	-	25,034
Interest Income	(189,684.40)	(274,439)
Donation	-	-
Employee benefit annual leave & severance	251,038.76	26,711
Taxable income	<u>4,284,675.27</u>	<u>1,308,835</u>
Profit tax for the period (30%)	1,285,402.58	392,651
Less: withholding tax receivable	(313,080.74)	(147,952)
<b>Current Tax Payable</b>	<u><u>972,321.84</u></u>	<u><u>244,699</u></u>

