ETHIOPIAN ECONOMICS ASSOCIATION

AUDITORS' REPORT AND ACCOUNTS

JUNE 30, 2025

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Getachew Wakjira

Chartered Certified Accountant (U.K.)

Certified Audit Firm (Eth.)

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Addis Ababa, Ethiopia

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Ethiopian Economic Association
Contents
<u>As of June 30, 2025</u>

Contents

Addis Ababa
Ethiopia
GETACHEW WAKJIRA
CHARTERED CERTIFIED ACCOUNTANT (UK)
CERTIFIED AUDIT FIRM (ET)

Accounting and auditing Board of Ethiopia
Original Copy Submitted to the board

Ethiopian Economics Association
Management, Professional Advisors, Registered Office
<u>As of June 30, 2025</u>

Organization

Ethiopian Economics Association
Registered office:- Addis Ababa, Ethiopia:
Registration: Registed at Agency for Civil Society Organization Registration No 1373
Address:- Lemi Kura Sub City, Woreda 13, House No , New
Telephone +251 116 453200 email: info@eea-et.org

Executive Management

Name	Position	Year
Prof. Mengistu Ketema	Chief Executive Officer	2024/2025
Dr. Abule Mehare	Director, Comm. & Partenership	2024/2025
Ato Wondafrash Amde	Director, Admin & Finance	2024/2025
Ato Demirew Getachew	Research Project Coordinator	2024/2025

Independent Auditors

Getachew Wakjira
Chartered Certified Accountants [UK]
Certified Audit Firm (ETH)
P.O Box 40418
Addis Ababa, Ethiopia
Address:- Infront of Dembel City ,BEDESTA building 3rd floor
Telephone +251 115157806 or +251 911212087 email: getwak611@gmail.com

Bankers

Commercial Bank of Ethiopia
Hibret Bank SC

Ethiopian Economics Association
Statements of Management Responsibil
For the Year Ended June 30, 2025

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 year ended June 30, 2025. This financial statement is prepared in accordance with International Public Sector Accounting Standards (IPSAS) requirements 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	**Name**	Wondafrash Amde
Position	Chief Executive Officer	**Position**	Director, Administration & Finance
Signature		**Signature**	
Date	July 31st 2025	**Date**	July 31st 2025

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0118881298
0111541235
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Addis Ababa
Ethiopia
GETACHEW WAKJIRA
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CERTIFIED AUDIT FIRM (ET)

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ሠርቲፋይድ የኦዲት ድርጅት (ኢትዮ)

GETACHEW WAKJIRA
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CERTIFIED AUDIT FIRM (ETH)

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Mobile 0911- 21 20 87
Fax 251-011-552 05 80 Ref. No. 1035/GW/17

Addis Ababa, Ethiopia

AUDITORS' REPORT ON THE ACCOUNTS OF ETHIOPIAN ECONOMICS ASSOCIATION

OPINION

We have audited the accompanying financial statements of Ethiopian Economics Association which comprise reports and annual financial statements as at June 30, 2025 and the statement of financial performance, statement of changes in net assets/equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2025, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISA800/805) and Proclamation 1113/2019 and Directives issued by the FDRE-Agency for Civil Society Organization. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the significant estimates and judgments made by the management in the preparation of the consolidated financial statements and of whether the accounting policies are appropriate to the Organization's circumstances, consistently applied and adequately disclosed.

RESPONSIBILITY OF MANAGEMENT'S AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management of the Association is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS 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.

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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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

AUDITORS' 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.

Addis Ababa
Ethiopia
GETACHEW WAKJIRA
CHARTERED CERTIFIED ACCOUNTANT

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Addis Ababa
July 31, 2025

OPINION ON OTHER MATTERS PRESCRIBED BY THE AGENCY FOR CIVIL SOCIETIES ORGANIZATION DIRECTIVE NO. 8/2004

We report as follows in respect of the matters stated below where the Authority for Civil Society Organizations Directive No. 8/2004 requires us to express an opinion. In our opinion the Association complied with the above directive in all material respects.

A. Income source is identified, as shown in the financial statements, and is collected by the Organization on a timely basis using cash receipts.

B. Expenditures are approved by the responsible personnel, supported by original and adequate documentation.

C. Administrative costs, 10% of the total revenue do not exceed 20% as required by Article 63(2) of Proclamation No.1113/2019 as indicated under Note 10.3. Additionally, program expenditure is 83% of the total expenditure.

D. Fixed asset acquisitions are supported by adequate documentation. Furthermore, fixed asset register is maintained by the Association and annual physical count is undertaken by management of the Association.

E. Tax liabilities are settled by the Association on a timely basis.

F. Cash at bank balances are reconciled with the accounting records of the Organization.

G. No public fund-raising activity did take place during the year.

GETACHEW WAKJIRA
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Addis Ababa
July 31, 2025

Ethiopian Economics Association
Statements of Financial Position
As of June 30, 2025

Currency:- Ethiopian Birr

	Note	2025	2024
Assets			
Non Current Assets			
Property, Plant and Equipment	4	8,380,136.63	8,420,642.58
Investment in IGA		27,571,563.05	27,571,563.05
		35,951,699.68	**35,992,205.63**
Current Assets			
Accrued Income		-	4,116,578.70
Pre Paid Insurance		170,481.77	161,378.97
Debtors	5	466,512.27	531,210.39
Cash and Bank Balances	6	78,143,105.88	37,371,403.43
		78,780,099.26	**42,180,570.83**
Total Assets		**114,731,799.60**	**78,172,776.46**
Net Asset / Equity			
Fund Balance		106,866,698.41	70,907,287.30
Total equity / net assets		**106,866,698.41**	**70,907,287.30**
Non-Current Liabilities			
Employee Benefits_Severance Pay	7.3.2	4,583,751.81	3,628,564.38
		4,583,751.81	3,628,564.38
Current Liabilities			
Creditors	7.1	-	516,600.00
Tax and pension Payables	7.2	904,155.43	1,019,069.49
Employee Benefits - Annual leave Pay	7.3.1	2,377,193.95	2,101,255.29
		3,281,349.38	**3,636,924.78**
Total Liabilities		**7,865,101.19**	**7,265,489.16**
Total Equity & Liabilities		**114,731,799.60**	**78,172,776.46**

Ethiopian Economics Association
Statements of Financial Performance
For the Year Ended June 30, 2025

Currency:- Ethiopian Birr

	Note	2025	2024
Income	**9**		
Project Funds	**9.1**	48,722,488.79	24,504,962.71
Donation In kind	**9.1.1**	-	3,000,000.00
Core Program Support	**9.1.2**	1,799,111.00	-
Income from FCY Rate Change & Others Sources	**9.2**	32,090,591.83	8,323,900.87
Total Income		**82,612,191.62**	**35,828,863.58**
Expenditures	**10**		
Program Expenditures	**10.1**	38,492,458.09	33,418,763.26
Administrative Expenditures	**10.2**	8,160,322.42	6,858,456.00
Total Expenditures		**46,652,780.51**	**40,277,219.26**
Net Surplus / Deficit for the period		**35,959,411.11**	**(4,448,355.68)**

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Ethiopia
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Ethiopian Economics Association
Statements of Changes in Equity / Net Assets
For the years ended 30 June 2025

	Currency:- Ethiopian Birr
Fund Balance as of July 1, 2023	**75,359,292.37**
Prior years adjustment	(3,649.39)
Excess of Income over Expenditure	(4,448,355.68)
Fund Balance as of June 30, 2024	**70,907,287.30**
Fund Balance as of July 1, 2024	**70,907,287.30**
Excess of Income over Expenditure	35,959,411.11
Fund Balance as of June 30, 2025	**106,866,698.41**

Ethiopian Economics Association
Statements of Cash Flows
For the year ended 30 June 2025

Currency:- Ethiopian Birr

	Note	2025	2024
Cash flows from operating activities:			
Income over Expenditure (expenditure over income)		35,959,411.11	(4,448,355.68)
Depreciation		1,261,381.20	1,326,460.46
Accrued Income		4,116,578.34	(4,116,578.70)
Exchange rate gain			(1,472,331.04)
Prior year adjustement			(3,649.39)
Pre Paid Insurance		(9,102.80)	(161,378.97)
		41,328,267.85	**(8,875,833.32)**
Working Capital changes			
Changes in Debtors		64,698.12	902,539.53
Changes in Creditors		(516,600.00)	512,995.67
Change in Tax and pension Liabilities		(114,914.06)	70,589.20
Change in Employee Benefits - Severance		955,187.43	93,846.38
Change in Employee Benefits -Annual leave		275,938.66	(484,856.00)
Net cash provided by operating activities		**664,310.15**	**1,095,114.78**
Cash flow from Investing Activities			
Acquisition of properties and equipment		(1,220,875.55)	(6,874,175.00)
Proceeds Sale of Assets		-	5,120,000.00
Prior end Adjustement		-	(231,266.88)
Net cash used in investing activities		**(1,220,875.55)**	**(1,985,441.88)**
Cash flow From Financing Activities			
Fixed Asset Fund			
Net Cash flow from financing activities			
Increase (decrease) in cash and cash equivalents		**40,771,702.45**	**(9,766,160.42)**
Cash and cash equivalents:			
At beginning of period		37,371,403.43	47,137,564.01
At end of period		**78,143,105.88**	**37,371,403.43**

Addis Ababa
Ethiopia
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Ethiopian Economics Association
Notes to the Financial Statements
For the Year Ended 30 June 2025

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 2025. 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 Cheif 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 2025

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 45, Property, Plant and Equipment

EEA applied the accounting policy under IPSAS for property, plant and equipment on historical cost information retrospectively to arrive at the opening re-stated carrying balances.

IPSAS 39, Employee Benefits

EEA applied the accounting policy under IPSAS 39 for employee benefits. Employee benefit labilities 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 Labour Law.

Addis Ababa Ethiopia
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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 2025 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 funacitonal currency. Cash transferred in foregin currency from donors is convereted 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 2025 are the sixth 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.

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 Judgements and Sources of Estimation Uncertainty

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

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EEA estimated the remaining useful life of Property, Plant and Equipment (PPE) based on judgement 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 recongnised 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 exchage 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.

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.

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2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, high liqquid investments with a maturity less than 90 days from the date of aquisition 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 reecivables 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.

2.9 Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through nonexchange 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 Wieghted 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 Netrealizable value (or replacement cost). When the value of inventories counted at the end of reporting period are insignificant, EEA does not recognise them.

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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.

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
Vehcle	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 fmancial 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.

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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 lessor 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 organziations. All subsequent transfers of cash and assets from the organization and donors as revenue and are recongnised 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 rel iably 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 .

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 considerati on received or receivab le for the sale of goods and services. Revenue is shown net of returns and discounts. Revenue is recognized when it can be rel iably 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 administrative expenditures. According to the Organization of Civil Societies Proclamation 1113/2020, EEA's administrateative expenditures should not exceed above 20% of the total Income for the reporting period. The classification of expenditure between administrative 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 accordnace 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.

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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.

2.17.3 Severance Payable_ Long-term benefit

EEA accrues future liabilities on severance pay in accordance with Labour 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 entiteld 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 intenational 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 inorder to ensure foriegn 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 managment of the realestate 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 seprate business unit established in accordnace with relevant commercial codes.

Ethiopian Economics Association
Notes to the Financial Statements
For the Year Ended 30 June 2025

3 Notes to the Adoption of IPSAS

The financial statements for the year ended 30 June 2025 are the sixth time EEA financial statements prepared in accordance with IPSAS.

Accordingly, EEA has prepared financial statements that comply with IPSAS applicable as at 30 June 2025, together with the comparative period data for the year ended 30 June 2024, 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 doesnt meet the threshold are derecognised. 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 4,583,564,751.81(Jun 30, 2025). ETB 2,377,193.95 recognised as a short term employee benefit as at June 30, 2025.

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.

	2025 ETB	2024 ETB
Annual Leave payable	2,377,193.95	2,101,255.29

3.4.2 Long Term Employee Benefit Payable

Long term employee benefit represents severance pay payable

	2025 ETB	2024 ETB
Severance Payabale	4,583,751.81	3,628,564.38

Ethiopian Economics Assocaition
Notes to the Financial Statements
For the Year Ended 30 June 2025

4. Property, Plant and Equipment

	Balance as of June 30, 2024 as per IPSAS Birr	Additions Birr	Balance as of June 30, 2025 as per IPSAS Birr
Cost			
Office Equipment	238,350.00	498,875.34	737,225.34
Office Furniture	30,000.00	-	30,000.00
Vehicle	11,314,170.39	-	11,314,170.39
Computers	1,165,526.00	722,000.21	1,887,526.21
	12,748,046.39	**1,220,875.55**	**13,968,921.43**
Accumulated Depreciation			
Office Equipment	109,511.16	48,505.12	158,016.28
Office Furniture	30,000.00	-	30,000.00
Vehicle	3,431,672.34	930,000.00	4,361,672.34
Computers	756,220.31	282,876.08	1,039,096.39
	4,327,403.81	**1,261,381.20**	**5,588,784.72**
Book Valule			
Office Equipment	128,839.84		579,209.06
Vehicle	7,882,498.05		6,952,498.05
Computers	409,305.69		848,429.82
Total	**8,420,643.58**		**8,380,136.63**

Ethiopian Economics Association
Notes to the Financial Statements
For the Year Ended 30 June 2025

5. Debtors

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

	2025 ETB	2024 ETB
Staff Debtors	445,112.96	502,264
Sundray Debtors	9,600.00	17,147
VAT Receivables	11,799.31	11,799
	466,512.27	**531,210.39**

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, 2025 as follows

	2025 ETB	2024 ETB
Cash on Hand	-	-
Cash at Bank	78,143,105.88	37,371,403
	78,143,105.88	37,371,403

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CHARTERED CERTIFIED ACCOUNTANT (UK)
CERTIFIED AUDIT FIRM (ET)

Ethiopian Economics Associaton
Notes to the Financial Statements
For the Year Ended 30 June 2025

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.

	2025 ETB	2024 ETB
Sundry payables	-	516,600
	-	516,600

7.2 Tax and Pension Payables

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

	2025 ETB	2024 ETB
Income Tax Payables	591,407.35	533,818.57
Withholding Tax Payables	24,018.36	219,428.36
Pension Fund Payable	288,729.72	265,822.56
	904,155.43	1,019,069.49

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.

	2025 ETB	2024 ETB
Annual Leave Payable	2,377,193.95	2,101,255.29

7.3.2 Long Term Employee Benefit Payable

Long term employee benefit represents severance pay payable

	2025 ETB	2024 ETB
Severance Payabale	4,583,751.81	3,628,564.38

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 2024/25, comprise the Chief Executive Officer, Director, Research and Policy Analyisis, Director,Communication & Partenership, Research Project Coordinator and Director, Admin & Finance. The remuneration of key management personnels is as follows:

8.3 Compensation of key Management Personnel

	2025 ETB	2024 ETB
Salaries	12,544,262.00	10,862,268.00
Employee benefits	5,823,422.62	4,635,557.25
	18,367,684.62	**15,497,825.25**
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 sicne July 1,2020. The Investement in IGA amounting to Br 27,571,563.05 was presented at historical cost instead of revaluation amount.

Ethiopian Economics Association
Notes to the Financial Statements
For the Year Ended 30 June 2025

9. Revenue

	2025 ETB	2024 ETB
9.1.1 Donation		
Donation in Kind	-	3,000,000.00
9.1.2 Core Program Support		
ILRI	264,139.60	-
Institute for Fisical Studies	121,652.03	-
International Growth Centre(IGC)	448,456.49	-
WORLD BANK	371,999.00	-
UN ECA	349,269.00	-
Frederich Ebert Stiffung	243,594.88	-
	1,799,111.00	**-**
9.1.3 Project Funds		
Somali Revenue Bureu	-	3,474,424.00
Construction Management Institute	-	1,529,005.50
Europian Union	-	1,491,032.70
SHiFT	-	1,100,101.65
GPG_NYUAD	-	202,167.27
Development Initatives	-	166,600.80
Agricultural Transformation Institute	-	9,968,770.00
Oromia Planing & Dev.Commission-URBAN	-	3,721,929.00
World Food Programme	-	775,485.00
London School of Economics(IGC)	-	200,889.62
Policy Studies Institute	-	25,000.00
AMREF Health Africa	22,289,170.38	-
Oromia Planing & Dev.Commission-MACRO	7,114,364.00	-
Institute of Statistical, Social &Economic Research._ISSER	4,880,361.93	-
Mercey Corps	3,356,602.78	-
Master Card Foundation	3,348,232.20	-
SNV Ethiopia	2,440,103.00	-
Oromia Planing & Dev.Commission_Budget Allocation	2,090,616.30	-
DAI Global	1,501,189.48	-
Development Bank of Ethiopia	872,962.80	-
Global Development Network	828,885.92	-
	48,722,488.79	**22,655,405.54**

Ethiopian Economics Association
Notes to the Financial Statements
For the Year Ended 30 June 2025

9.4 Income from FCY Rate Change & Others Sources

	2025 ETB	2024 ETB
Membership Fee	199,629.84	119,384.00
Sales of publications	29,075.00	16,710.00
Gain on Sale of assets	-	1,696,317.59
Gain on Foreign Exchange	31,784,636.24	1,479,189.28
IGA Income	-	5,000,000.00
Sundry	77,250.75	12,300.00
	32,090,591.83	**8,323,900.87**

10. Expenditures

10.1 Program Expenditures

	2025 ETB	2024 ETB
Progam service	342,927.74	168,241.92
Salaries and Wages	17,565,915.75	14,478,946.62
Employee benefits	3,173,439.89	2,654,290.88
Printing and Publishing	426,294.00	268,777.25
Workshops, Conferences and General Assembly	1,743,929.89	926,061.90
Project Expenditures (Research Study)	13,233,285.47	13,683,218.50
EEA Chapters	25,000.00	429,299.86
Employee Benefits - Severance Pay	1,284,225.72	606,164.97
Employee Benefits - Annual leave	697,439.63	203,761.36
	38,492,458.09	**33,418,763.26**

Ethiopian Economics Association
Notes to the Financial Statements
For the Year Ended 30 June 2025

10.2 Administrative Expenditures

	2025 ETB	2024 ETB
Salaries and Wages	2,785,095.11	2,458,947.84
Employee Benefits	857,861.59	505,224.28
Printing, Stationeries and supplies	555,021.79	93,068.88
Exchange Rate loss	-	6,858.24
Communication	171,223.36	218,583.65
Repair and Maintenance Off, Equip & Computers	97,938.00	98,202.00
Electric Materials	11,700.00	-
Vehicle Running Costs	283,543.28	474,350.58
Fuel & Lubricant	264,711.00	235,733.00
Insurance	911,542.34	836,708.25
Bank Charges	9,627.08	15,734.11
Cleaning and Sanitation	11,661.17	-
Advertisement and Promotion	35,005.00	81,887.56
Cash Indemnity	6,000.00	6,000.00
Depercation expense	1,261,380.28	1,326,460.46
Travel and Perdiem	32,632.78	9,506.57
Subscription	8,976.00	7,650.00
Professional Fee	45,000.00	-
Audit Fee	35,185.00	35,185.00
Legal Fee	19,650.00	181,200.00
Staff meeting	45,528.75	46,353.85
Staff training	105,414.21	-
Uniforms and Outfits	12,731.00	11,000.00
Office Equipments	-	8,250.00
Office Furniture	115,000.00	-
Parking Fee	19,800.00	12,000.00
Employee Benefits - Severance Pay	308,735.60	54,983.21
Employee Benefits - Annual leave	142,849.08	125,968.52
Loading & Unloading	6,510.00	8,600.00
	8,160,322.42	**6,858,456.00**

10.3 Percentage of Program & Administrative Expenditures 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 10 % of the total income.

The total revenue of the Association during the year is 82,612,191.62

11. Contingencies and Commitments

There were no contingent liabilities at the reporting date of 30 June,2025. 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