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**INDEPENDENT AUDITORS' REPORT**  
**AND**  
**FINANCIAL STATEMENTS**

**BERHANENA SELAM**  
**PRINTING ENTERPRISE**

**FOR THE YEAR ENDED 07 JULY 2024**



**ZEMEDHUN ADANE, FCCA**  
**Chartered Certified Accountants (London)**  
**Certified Audit Firm**

**ዘመድህን አዳኑ - ኤፍ ሲ ሲ ኤ**  
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**ሰርቲፋይድ አዲት ድርጅት**

Tele+251 11 5 313167 / +251 911 514799 / Fax +251 011 5 549636 P.O.Box 26578 code 1000 A.A.  
E-mail: [adanezemedhun@gmail.com](mailto:adanezemedhun@gmail.com) / [zemedhun\\_adane@yahoo.com](mailto:zemedhun_adane@yahoo.com)



**BERHANENA SELAM PRINTING ENTERPRISE**

**FINANCIAL STATEMENTS AND REPORTS**

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**FOR THE YEAR ENDED 07 JULY 2024**

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- Amortization of investment in bond
- Other Income From Rent



# BERHANENA SELAM PRINTING ENTERPRISE

## General information

**For the year ended 07 JULY 2024**

### Tax Registration and Address

Tax identification Number (TIN) - 0000007140  
Business address  
Addis Ababa City, Arada Sub City, House No. - 984  
Telephone : +251111553233 Fax : +251111553939  
P.O. Box -980  
Email: bspe@ethionet.et

### Sales Shopes and Ware houses

Lideta Branch  
Awassa Branch  
Merhatibeb Branch  
Abuare Ware house

### Board Members

H.E Mr. Worku Guangul	Chair person
Mr. Kefyalew Birhanu	D. Chair Person
H.E Mrs. Marta Lewigi	Audit and risk Adm. Sub committee chair person
H.E Mrs. Ayelech Eshetu	Member
Mr. Amare Assefa	Member
Dr. Lemma Dendena	Member
Mr. Getachew Belete	Member
Mr. Kumsa Kerorssa	Member

### Management Information / Executive management

Shitahun Wale	Chief Executive Officer(CEO)
Melese Simeneh	Dupty chief excutive officer - HRM service
Getahun Negash	Dupty chief excutive officer - Operation sector
Debebe Woldesenbet	Finance Director

### Principal Bankers

Commercial Bank of Ethiopia  
Awash Bank S.C  
Oromia Bank  
Cooperative bank of oromia

### Independent auditor

Zemedhun Adane, Chartered Certified Accountants  
Certified Audit Firm  
P. O. Box 26578 code 1000  
Tele +251 118 332934 / +251 911 514799  
Addis Ababa, Ethiopia  
E mail - zemedhun\_adane@yahoo.com / adanezemedhun@gmail.com



**BERHANENA SELAM PRINTING ENTERPRISE**  
**Statement of Management's Responsibilities**

**For the year ended 07 JULY 2024**

In accordance with Financial Reporting Proclamation No. 847 / 2014, the Entity prepared its financial statements in accordance with International Financial Reporting Standards (IFRS).

The Management is responsible for the preparation and fair presentation of these financial statements in conformity with International Financial Reporting Standards (IFRS) and applicable national laws as The Commercial Code of Ethiopia, and for such internal control as management determines is necessary to enable financial statements that are free from material misstatement, whether due to fraud or error. The Entity is required to keep such records as are necessary to:

- Exhibit clearly and correctly the state of its affairs,
- Explain its transactions and financial position; and
- Enable regulatory body to determine whether the Entity had complied with the aforementioned proclamation.

The Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and Commercial Code of Ethiopia.

The Management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Entity and of its financial performance.

The Management further accepts responsibility for the maintenance of accounting records that may be relied up on in the preparation of financial statements, as well as adequate systems internal financial control.

Nothing has come to the attention of the Management to indicate that the Entity will not remain a going concern for at least the next twelve months from the date of this statement.



Signed on behalf of the Management by:

  
**Shetahun Wale**  
Chief Executive Officer

\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Finance Director



**INDEPENDENT AUDITORS' REPORT  
ON THE FINANCIAL STATEMENTS OF  
BERHANENA SELAM PRINTING ENTERPRISE**

**Report on the audit of the financial statements**

**Unqualified opinion**

We have audited the accompanying Financial Statements of Berhanena Selam Printing Enterprise, which comprise the statement of Financial Position as at 07 July 2024, and the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity / Net Assets and the Statement of Cash Flows for the year then ended, together with significant accounting policies and other explanatory notes to these financial statements set out on pages 10 to 38.

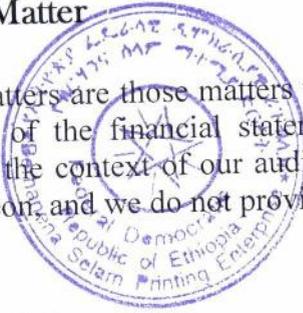
In our opinion, the accompanying financial statements present fairly, in all material respects, or give a true and fair view of the financial position of the Entity as 07 July 2024, and its financial performance, changes in equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

**Key Audit Matter**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current reporting period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Bases of Opinion**

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



Addis Ababa Office  
Meskel Square, Anbessa Building, 5<sup>th</sup> floor  
Tel. +251-11-5-31-31-67  
Fax: + 251 115 54 96 36 Addis Ababa, Ethiopia

Sebeta Office  
Tel. +251 113 384145/ +251 911 514799  
Fax: + 251 113 384146  
Sebeta Town, Ethiopia

E Mail – [adanezemedhun@gmail.com](mailto:adanezemedhun@gmail.com) / [zemedhun\\_adane@yahoo.com](mailto:zemedhun_adane@yahoo.com)

## Responsibilities of Management on the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB), 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 Entity'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 Entity, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 International Standards on Auditing (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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ZEMEDHUN ADANE, FCCA  
Chartered Certified Accountants (London)  
Certified Audit Firm



Addis Ababa, Ethiopia  
19 September 2024



**BERHANENA SELAM PRINTING ENTERPRISE  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 07 JULY 2024**

Currency: Ethiopian Birr

	Notes	07 July 2024	07 July 2023
Revenue	4	1,447,714,412	1,073,615,022
Cost of sales	5	(592,689,076)	(489,412,282)
<b>Gross profit</b>		<b>855,025,336</b>	<b>584,202,740</b>
Other operating income	6	39,423,952	42,599,580
Termination benefit expenses	8	(13,938,815)	2,019,207
General and administration expenses	7	(315,116,482)	(240,034,711)
Impairment losses on trade Receivables	13.2	(1,024,474)	(4,142,073)
<b>Operating profit</b>		<b>564,369,517</b>	<b>384,644,744</b>
Finance costs	8	(3,945,097)	(3,147,677)
<b>Profit before tax</b>		<b>560,424,420</b>	<b>381,497,067</b>
Income tax expense	9(b)	(188,269,680)	(130,975,564)
<b>Profit for the year</b>		<b>372,154,740</b>	<b>250,521,503</b>
<b>Other comprehensive income</b>			
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
Net other comprehensive income not to be reclassified to profit or loss in the subsequent period.		-	-
<b>Total comprehensive income for the year net of tax</b>		<b>372,154,740</b>	<b>250,521,503</b>



The notes on pages 10 to 38 with appendix a and b are an integral part of these financial statements

Chief Executive Officer.....  
**Shetahun Wale**  
Chief Executive Officer



**BERHANENA SELAM PRINTING ENTERPRISE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 07 JULY 2024**

Currency: Ethiopian Birr

	Notes	07 July 2024	07 July 2023
<b>Assets</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	11	489,379,035	468,817,657
Right use of asset - Land	17	1,553,738	1,570,985
Investments	14	51,457,283	2,599,000
Intangible assets other than goodwill	18	2,316,147	1,480,348
		<b>544,706,203</b>	<b>474,467,990</b>
<b>Current assets</b>			
Inventories	16	1,021,103,859	815,256,284
Trade and other receivables	13	243,277,091	183,769,484
Advance and prepayments	15	4,445,384	43,396,843
Cash and short-term deposits	12	433,525,540	387,628,832
		<b>1,702,351,873</b>	<b>1,430,051,444</b>
<b>Total assets</b>		<b>2,247,058,076</b>	<b>1,904,519,433</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Paid up capital	19	1,067,852,817	1,067,852,819
Legal reserve	20	58,708,743	40,069,688
Retained earnings	21	238,543,151	156,955,583
First time IFRS adoption revaluation reserve	22	82,333,564	82,333,564
<b>Total Equity</b>		<b>1,447,438,275</b>	<b>1,347,211,654</b>
<b>Non-current liabilities</b>			
Termination benefit liabilities	26	40,072,357	23,003,209
Deferred tax liabilities	10.1-10.3	32,029,577	38,001,221
		<b>72,101,934</b>	<b>61,004,430</b>
<b>Current Liabilities</b>			
Trade and other payables	27	168,298,442	176,091,608
Dividend payable	31	340,570,278	170,890,633
Current portion of lease liability	35	275,952	275,952
Income tax payable		166,220,988	114,592,541
Accruals		52,152,208	34,452,615
		<b>727,517,867</b>	<b>496,303,349</b>
<b>Total Liabilities</b>		<b>799,619,801</b>	<b>557,307,779</b>
<b>Total Equity and Liabilities</b>		<b>2,247,058,076</b>	<b>1,904,519,433</b>



The notes on pages 10 to 38 with appendix a and b are an integral part of these financial statements

Chief Executive Officer.....  
**Shetahun Wale**  
**Chief Executive Officer**

Finance Director...  
 Federal Democratic Republic of Ethiopia  
 Berhanena Selam Printing Enterprise

**BERHANENA SELAM PRINTING ENTERPRISE  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 07 JULY 2024**

Currency: Ethiopian Birr

	<u>Paid up Capital</u>	<u>Legal Reserve</u>	<u>State Dividend</u>	<u>Retained Earnings</u>	<u>Revaluation Reserve</u>	<u>Total</u>
Balance at 08 July 2023	1,067,852,817	40,069,688	170,890,633	156,955,583	82,333,564	1,518,102,285
Legal Reserve	-	18,607,737	-	-	-	18,607,737
Adjustment on legal reserve from rent income	-	31,317	-	-	-	31,317
Paid during the year	-	-	(102,874,821)	-	-	(102,874,821)
Adjustment on state dividend and retained earnings for the year 2015 E.C	-	-	24,655,042	(24,655,042)	-	-
Dividend declared to Industrial Development Fund	-	-	-	106,064,101	-	106,064,101
Adjustment on dividend declared to Industrial Development Fund From rent income (annex-B)	-	-	-	178,509	-	178,509
Adjustment on dividend declared to state from rent income Annex-B)	-	-	416,521	-	-	416,521
Dividend declared to state	-	-	247,482,902	-	-	247,482,902
Balance at 07 July 2024	<u>1,067,852,817</u>	<u>58,708,743</u>	<u>340,570,278</u>	<u>238,543,151</u>	<u>82,333,564</u>	<u>1,788,008,552</u>



The notes on pages 10 to 38 with appendix a and b are an integral part of these financial statements

Chief Executive Officer...   
**Shetahun Wale**  
Chief Executive Officer

Finance Director... 

**BERHANENA SELAM PRINTING ENTERPRISE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 07 JULY 2024**

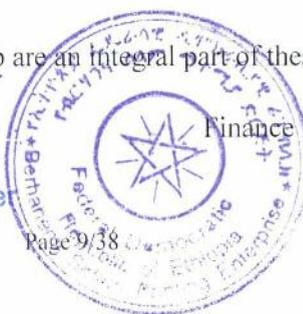
	Notes	07 July 2024	07 July 2023
<b>Operating activities</b>			
Profit before tax	P & L	560,424,420	381,497,067
<b>Non-cash adjustment to reconcile profit before tax to net cash flows:</b>			
Depreciation of property, plant and equipment	11	58,930,940	46,923,603
Amortization of right use of asset -Land	18	17,247	17,247
Amortization of intangible assets	19	323,957	92,005
Interest paid	8	107,898	640,563
Prior period Adjustments made as per ERCA Tax Audit Adjustments		2,007,972	(18,704,205)
Gain or loss on disposal of Fixed Asset		(7,640,497)	49,027
Gain or loss on foreign Exchange		4,656,365	1,684,624
(Gain ) or loss on bond valuation	14	544,413	-
Differed Credits	10.1, 10.2 & 10.3	(4,269,844)	1,208,780
<b>Operating Cash flow before working capital changes</b>		<b>615,102,870</b>	<b>413,408,711</b>
<b>Working capital adjustments:</b>			
Increase /Decrease/ in trade and other receivables, prepayments and VAT receivable	13, 15, 16	(20,556,147)	(109,470,373)
Increase/Decrease/ in inventories	16	(205,847,575)	(184,962,300)
Increase/ Decrease/ in trade and other payables	28, 31	9,906,426	134,996,092
Increase/ Decrease/ in termination benefit obligation	27	17,069,148	561,580
Increase/Decrease/ in lease liability	26	-	-
<b>Working capital changes</b>		<b>(199,428,147)</b>	<b>(158,875,001)</b>
		<b>415,674,723</b>	<b>254,533,711</b>
Bank service charge	8	72,336	29,466
Dividend payable		(102,874,821)	(42,927,570)
Income tax paid	9c	(110,733,145)	(51,935,676)
<b>Net cash flows from operating activities</b>		<b>202,139,094</b>	<b>159,699,931</b>
<b>Cash flow from Investing activities</b>			
Purchase of property, plant and equipment	11	(92,142,793)	(158,696,170)
Investments And Financial Instruments	14	(51,457,283)	-
Purchased intangible asset - ERP	19	(1,159,756)	-
<b>Net cash flows used in investing activities</b>		<b>(144,759,832)</b>	<b>(158,696,170)</b>
<b>Financing activities</b>			
Interest recived from saving	6	(11,482,553)	(14,410,747)
Repayment of borrowings		-	-
Leasehold land	18.1	-	-
<b>Net cash flows from/(used in) financing activities</b>		<b>(11,482,553)</b>	<b>(14,410,747)</b>
Net increase/ ( decrease ) in cash and cash equivalents		45,896,709	(13,406,987)
Cash and cash equivalents at the beginning of the year	12	387,628,832	401,035,819
<b>Cash and cash equivalents at the end of the year</b>	12	<b>433,525,541</b>	<b>387,628,832</b>

The notes on pages 10 to 38 with appendix a and b are an integral part of these financial statements

Chief Executive Officer.....

**Shetahun Wale**  
 Chief Executive Officer

Finance Director.....



# BERHANENA SELAM PRINTING ENTERPRISE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 07 JULY 2024

## 1. Enterprise information

The Financial Statements of Berhanena Selam Printing Enterprise for the year ended 07 July 2024 were authorised for issue on 18 September 2024 in accordance with a resolution of the board of Managements. Berhanena Selam Printing Enterprise is a wholly Government owned enterprise incorporated and domiciled in Ethiopia. The registered office is located in Addis Ababa, Arada Sub-city, Woreda 09, House No.984.

Berhanena Selam Printing Enterprise is a huge and senior printing enterprises in Ethiopia. It was founded in 1921 by Ras Teferi Mekonen (Later Atse Hailesilase I) in Addis Ababa with the aim of publishing Amharic-Language books and Tracts. The printing press has rendered particularly valuable services by printing newspaper and periodicals starting with the publishing of the "Berhanena Selam" (Which literally means 'Light & Peace') newspaper in 1917 G.C. and the enterprise has derived its name from the newspaper. The Enterprise has established Printing Technology Academy since 2016 to improve the skills of its own employees and to enhance the number of professionals in the field of printing on a country level. In addition to this, the Enterprise is actively participating in publishing service starting from 2018.

One of the Enterprise's branch which is merhatibeb branch located in Arada Sub city, Benin street around Arada Giyorgis church ceases its printing service due to the objective of planning to construct a multipurpose G+12 building in partnership with Ethiopian Investment Holdings.

As per letter ref.no.0030-20/92814 dated May 13,2022 from the office of prime minister, the Enterprise is under the supervision of Investment Holding Authority.

The profit tax and all issues related to tax will be declared to the medium tax payers branch since July 08,2023 Gc.

The Enterprise has been elected as one of the Government owned Enterprises to implement capital market during this accounting period and based on this the Initial public offering(IPO) readiness Assesment Gap has been made by KPMG Development service limited and related preparations for the implmentation has been started.

The Financial Statments of the Enterprise has been Audited and updated by Ethiopian Revenue custom Authority Medium Tax Payers branch untill 2023 budget year and as per the audit findings,there is no Accounting error between tax and accoiunting treatment.Hence there is no tax findings.

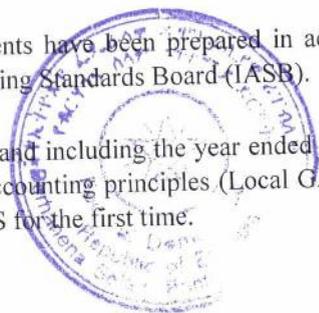
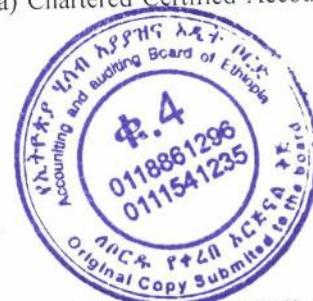
The financial, performance and compliance Audit has been done for the past three Years by Habtewold Menkir Chartered Certified Accountants (UK) .Starting from 2024- 2026, Zemedhun Adane Certified Audit (Ethiopia) Chartered Certified Accountants(UK) will audit for the three consecutive years .

## 2. Significant accounting Policies

### 2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

For all periods up to and including the year ended 7 July 2016, the enterprise prepared its financial statements in accordance with locally generally accepted accounting principles (Local GAAP). The financial statements for the year ended 7 July 2017 has been prepared in accordance with IFRS for the first time.



The financial statements have been prepared on a historical cost basis, except for buildings, Machineries and vehicles classified as property, plant and equipment, which has been revalued for the purposes of obtaining a deemed cost in its opening IFRS statement of financial position dated 8 July 2015. The Enterprise plans to Revalue all of its property for capital market implementation purpose.

Items included in the financial statements are measured using the currency of the primary economic environment in which the Enterprise operates ('the functional currency'). The financial statements are presented in Ethiopian Birr ("ETB") which is the Enterprise's functional currency.

## 2.2 Summary of significant accounting policies

The following are the significant accounting policies applied by the enterprise in preparing its financial statements:

### 2.2.1 Current versus non current classification

The enterprise 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 be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- 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 trading
- 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

The enterprise classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.



### 2.2.2 Fair value measurement

The enterprise used external consultants for valuation techniques in accordance with international valuation standard that are appropriate in the circumstances and the revaluation amounts are used as a deemed cost for opening IFRS Financial Position for the following class of assets:

- Buildings
- Vehicles and
- Machineries



### 2.2.3 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the enterprise 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 revenue standard 5-step approach to revenue recognition and measurement:

- 1 Identify the contract with the customer
- 2 Identify the performance obligation in the contract
- 3 Determine the transaction price
- 4 Allocate the transaction price to the performance obligation in the contracts
- 5 Recognise revenue when (or as) the BSPE satisfies a performance obligation

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 the Enterprise;
- 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.

Revenue from the sale of goods and rendering of services is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

### Interest income/Expense

For all financial instruments measured at amortized cost, interest income or expense is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss. In Berhanena selam printing Enterprise case, the Ethiopian commercial bank borrowing rate which is 14 % is taken as the Effective interest Rate (EIR).

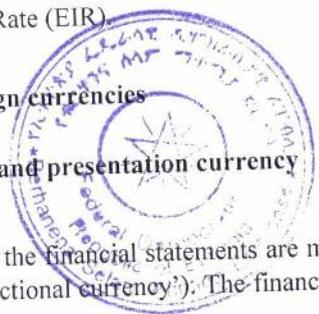
### 2.2.4 Foreign currencies

#### Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Enterprise operates ('the functional currency'). The financial statements are presented in Ethiopian Birr ("ETB") which is the Enterprise's functional currency.

### Transactions and balances

Transactions in foreign currencies are initially recorded by the enterprise at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies, if any, are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.



## 2.2.5 Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the enterprise receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual installments. The enterprise discloses the government grant for land received free of charge on note 17.2

## 2.2.6 Taxes

### Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in the countries where the enterprise operates and generates taxable income. Taxable profit differs from profit reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Enterprise's liability for current tax is calculated using tax rates that have been enacted by the end of the reporting period.

Current income tax relating to items recognized directly in equity if any is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and it establishes provisions where appropriate.

### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

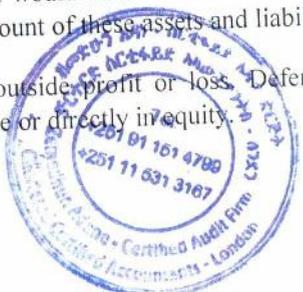
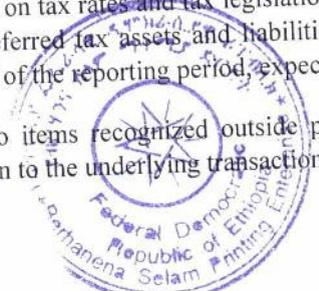
Deferred tax assets are recognized for: all deductible temporary differences: the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, The carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax legislation that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Enterprise, as at the end of the reporting period, expects to recover or settle the carrying amount of these assets and liabilities.

Deferred tax relating to items recognized outside profit or loss if any is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.



## Value added tax

Revenues, expenses and assets are recognized net of the amount of sales tax, except:

- Where the Value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- Receivables and payables are stated with the amount of sales tax included

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

As per Proclamation number 1157/2019 , a buyer need only withhold half (50%) of the 15% VAT payable from the seller which is 7.5%; the buyer provides a voucher for the amount so withheld and the buyer pays the balance of the VAT in cash to the seller.

## 2.2.7 Property, plant and equipment (PPE)

Property, plant and equipment (PPE) is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Buildings, Vehicles and machineries are stated at Revalued amounts used as a deemed cost at opening IFRS Financial Position date (8 July 2015), net of accumulated depreciation and/or accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced at intervals, the enterprise 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 it is probable that future economic benefits associated with the item will flow to the Enterprise and the cost of the item can be measured reliably . when the cost of a major inspection is included in the carrying amount of an item of PPE, the remaining carrying amount of the previous inspection is derecognised. All other repair and maintenance costs are recognized in the profit or loss as incurred.

Type of PPE	Useful life	Rate
Building	20	5%
Land Improvement	20	5%
Machinery	6,8	16% , 12%
Motor Vehicles	5	20%
Furniture & Fixture	10	10%
Computer & Accessories	10	10%
Office Equipment	10	10%
Tools and equipment	5	20%



Machinery is assumed to be depreciated at rate of 16 % for first year and at 12 % for the rest of its economic life.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized except for derecognized item of property, plant and equipment at opening IFRS Financial Position date which do not satisfy the capitalization criteria which is directly charged to equity.

Assets costing less than Birr 5,000 each are expensed at the time of acquisition.



## 2.2.8 Leases

### Right-of-use asset - Land

The enterprise is party to lease arrangements over land. The Enterprise recognizes right-of-use assets and the related liabilities at the commencement date for all lease arrangements that are entered into that convey the right to control the use of identified assets for a period of time. The commencement date of the lease is the date when the lessor makes the asset available for use by the enterprise.

The right-of-use assets are initially measured at the lower of the fair value of the property and the present value of the minimum lease payments, which comprises the following:

- The amount of the initial measurement of the liability;
- All lease payments made at or before the commencement date of the lease, less any lease incentives provided to the Enterprise by the lessor;
- All initial direct costs incurred by the Enterprise in respect of the lease;
- An estimate of the costs that will be incurred by the Enterprise for dismantling and restoring the leased asset by the Enterprise at the end of the lease term.

After the commencement date, the right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and are adjusted for any remeasurement of the lease liability.

Amortization is calculated on a straight-line method over the term of the lease or the useful life of the asset, whichever is the shorter. In the case of the lease hold land the cost is amortized over the lease period.

### Lease liability

The lease is initially measured at the present value of the lease payments that are not paid at the commencement date including fixed payments, less any incentive payments that will be receivable by the Enterprise from the lessor;

The lease payments are discounted using the Enterprise's incremental borrowing rate which is 11.5%. After initial recognition date, the Enterprise accounts for the lease liabilities by reducing the carrying amount to reflect payments made on the lease; Minimum lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents shall be charged as expenses in the periods in which they are incurred.

## 2.2.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in the statement of profit or loss when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category consistent with the function of the intangible assets.

## 2.2.10 Financial instruments — Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognized when the Enterprise becomes a party to the contractual provisions of the instrument.

### 1) Financial assets

#### Initial recognition and measurement

Financial assets of the enterprise are classified, at initial recognition, loans and receivables, and held-to-maturity investments based on the purpose for which the financial assets are acquired.

All financial assets are recognized initially at fair value plus or minus transition cost.

#### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

#### Loans and receivables

This category is the most relevant to the enterprise. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in the statement of profit or loss. The losses arising from impairment are recognized in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Trade receivables are amounts due from customers for delivery of print products. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. A provision for impairment of receivables is established when there is objective evidence that the Enterprise will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the profit or loss.

#### Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement cash flows, cash and cash equivalents consist of cash and bank overdrafts as they are considered an integral part of the enterprise's cash management. Bank overdrafts, if any, are shown within borrowings in current liabilities on the statement of financial position.



## Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The enterprise has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either
  - (a) the enterprise has transferred substantially all the risks and rewards of the asset, or
  - (b) the enterprise has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the enterprise has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and, to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognized to the extent of its continuing involvement in it. In that case, the Enterprise also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that it has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the enterprise could be required to repay.

## Impairment of Financial Assets

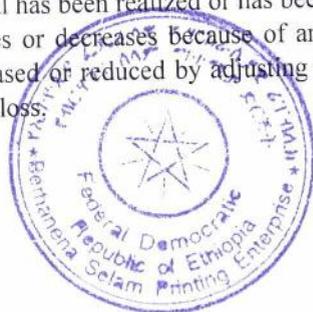
The enterprise assesses, at each reporting date, whether there is any objective evidence that a financial asset is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtors or a of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

### i) Financial assets carried at amortized cost

For financial assets carried at amortized cost, the enterprise first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the enterprise determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of profit or loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the enterprise. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in profit or loss.



## ii) Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The enterprise's financial liabilities include trade and other payables, loans and borrowings.

### Subsequent measurement

The measurement of financial liabilities depends on their classification, as follows:

#### Loans and borrowings and trade payables

This is the category most relevant to the enterprise. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Effective interest method is a method of calculating the amortized cost of a financial liability and to allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction and costs and other premium or discount) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

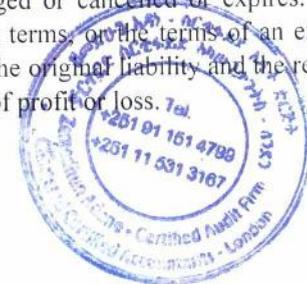
Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

### Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.



## 2.2.11 Borrowing cost

Interest/mark-up directly attributable to the acquisition/ construction/ installation of qualifying assets is capitalized. All other interest/mark-up are charged to profit and loss account directly.

## 2.2.12 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- (i) Finished products at the lower of average cost or market;
- (ii) Work in process at actual production cost; and
- (iii) Raw materials, packing materials, spare parts and other stocks at moving average cost.

## 2.2.13 Non-current assets classified as held for sale

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

Assets that meet the above criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease.

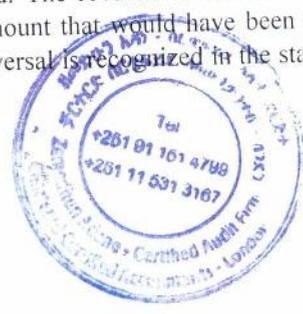
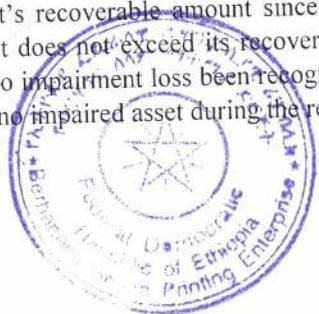
## 2.3.14 Impairment of non-financial assets

Disclosures relating to impairment of non-financial assets are summarized in the following notes:

The enterprise assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the enterprise estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or Cash Generating Unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the enterprise estimates the asset's or Cash Generating Unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss. Hence, there is no impaired asset during the reporting period.



## 2.2.15 Employee termination benefits

The enterprise is obliged by law to pay severance payment for eligible employees who served the enterprise for more than 5 years when the employment is terminated. The amount payable is one month final salary for the first year of service and one third of the final salary for the remaining year of services. Accordingly the present value of post employment benefit obligation (severance) and the related current service cost were measured using the projected unit credit method.

Disclosures relating to measurement and recognition of employee termination benefit (severance payment) summarized in note 27 :

## 2.2.16 Legal reserve

No less than one-twentieth (5%) of the annual net profit of the Enterprise shall be transferred to the legal reserve fund until such fund amounts to one-fifth(20%) of the capital of the Enterprise. It is utilized up on the decision of the supervising authority, to cover losses incurred by the Enterprise and to expand the activities of the Enterprise.

## 2.2.17 Provisions

Provisions are recognized when the Enterprise has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

## 2.2.19 Leave and Bonus accrual

Employees' entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave at the reporting date. Employees' Entitlement to annual bonus are recognized if and only if the Enterprise achieve its planned net income for the year as per the collective agreement whereas, for the management staffs, the bonus payment will be made as per ministry of public Enterprise's evaluation criteria. A Provision is made for Reporting date. Hence, the bonus is to be paid on a performance basis.

## 2.2. 20 Related parties

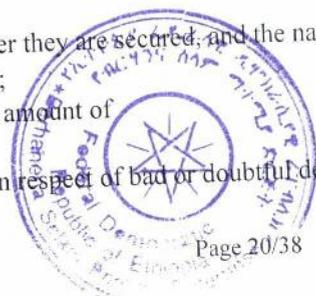
A party is related to an entity if, inter alia



The enterprise discloses the nature of relationships between the enterprise and its related parties irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent which in this case is the FDRE Government.

The entity also discloses information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. At a minimum, disclosures shall include:

- (a) the amount of the transactions;
- (b) the amount of outstanding balances,
- (i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
- (ii) details of any guarantees given or received;
- (c) provisions for doubtful debts related to the amount of outstanding balances; and
- (d) the expense recognised during the period in respect of bad or doubtful debts due from related parties.



### 3. Significant accounting judgements, estimates and assumptions

The preparation of the Enterprise's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

#### Judgements

In the process of applying the Enterprises' accounting policies, management has not encountered any situation that calls for any a significant judgements, which have significant effect on the amounts recognized in the financial statements:

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Enterprise based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the enterprise. Such changes are reflected in the assumptions when they occur.

#### Employee termination benefit

The cost of post employment benefit and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, and employee turnover rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a post employment benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the salary increment rate and date of employee termination. In determining the appropriate salary increment rate, management has taken historical data and estimated rate of salary increment using growth rate calculation formula. The incremental Borrowing Rate which was 11.5% has been changed to 14% during the current accounting Period and hence the Employee benefit obligation has been recalculated and all the necessary adjustment has been made.



**4 REVENUE**

The following are analysis of the enterprise's revenue for the year:

	<u>07 July 2024</u>	<u>07 July 2023</u>
Job printing	710,349,241	368,313,593
News paper	218,964,050	191,845,490
Security printing	488,500,451	385,158,580
Book printing	23,334,516	122,832,260
Stationary and other materials	5,801,236	4,553,732
Rubber stamp, cliché and binding	764,917	911,368
	<u>1,447,714,412</u>	<u>1,073,615,022</u>

**4.1 Source of revenue**

From The total Revenue in 2024, Major Customers listed below are contributed ETB 801.63 Million which is 55.37 % of the Total Revenue and each are contributed 10% or more to the Enterprises Revenue for This Accounting Period.

**4.2 Information about Revenues arising from contracts with customers**

Included in revenue arising from sales of goods are revenues of approximately 801.63 million which arose from sales to the enterprises' largest customer as shown in the schedule below. No other customers contributed 10 % or more to the enterprises revenue for the reporting period of July 07,2024.

**Related Parties**

	<u>07 July 2024</u>	<u>07 July 2023</u>
National Educational Ass. And Examination Agency	461,942,461	279,309,572
National Lottery	182,928,230	-
Ethiopian Press Agency	156,764,481	119,342,879
	<u>801,635,172</u>	<u>398,652,451</u>

**5 COST OF GOODS SOLD**

	<u>07 July 2024</u>	<u>07 July 2023</u>
Work in process - beginning	102,042,450	46,192,747
Direct materials	209,575,343	259,444,249
Direct labor	83,414,004	65,872,125
Indirect material	28,646,308	26,639,437
Indirect labor	132,109,395	60,505,687
Employee benefit	94,064,547	95,165,417
Production overhead	15,399,070	10,888,044
Depreciation	30,562,636	26,369,915
	<u>695,813,753</u>	<u>591,077,621</u>
Add: Finished goods - beginning	25,483,786	25,860,897
Less: Finished goods - ending	(49,404,927)	(25,483,786)
Less: work in process - ending	(79,203,536)	(102,042,450)
	<u>592,689,076</u>	<u>489,412,282</u>

- 5.1 There is an increment of ETB-8.9 million with regard to Employee benefit like Bonus expenses as there is a salary increment resulted from Enterprise's accomplishing its financial budget objectives during this fiscal period.
- 5.2 From the Note 5 production overhead ETB 15,399,070 Entertainment ETB 1,856,953 is added back for tax computation in note 9b.

**6 OTHER OPERATING INCOME**

Scrap and cut of paper  
 Fine and other  
 Bid bond  
 Income from Training Center  
 Interest Income  
 Other income from rent

**07 July 2024**  
 18,869,517  
 3,257,597  
 200,906  
 5,613,380  
 11,482,553  
 894,783  
**40,318,734**

**07 July 2023**  
 21,458,805  
 2,294,749  
 121,112  
 4,314,167  
 14,410,747  
 12,864,653  
**55,464,233**

6.1

The Enterprise has rented its Entertainment club with a monthly income of birr 91,304.35 before Vat for 5 months from July 8,2023 to November 2023 and starting from December 2023 till February 2024 the rent income has been increased to ETB 104,347,.83 before Vat But due to corridor development, since the size of the Entertainment club is minimized, a change of rental agreement has been negotiated between both parties and the price has been arranged to ETB 31,304.35 before vat starting from March 2024 until June 07,2024 and earned a total annual Rental income of ETB 894,782.63 before vat. See Appendix B for Rent income Tax calculation.

**7 GENERAL AND ADMINISTRATION EXPENSES**

Salary, wages and related benefit  
 Utilities  
 Telephone, Postage and Telex  
 Stationery and office supplies  
 Insurance  
 Repair and maintenance of buildings & Vehicle  
 Travel and transport  
 General services and sanitation  
 Licenses for land and building tax  
 Depreciations  
 Annual member ship fee  
 General advertising  
 Contribution and donation  
 Commission Expense  
 Provision For Stock Obsolescence  
 Entertainment  
 Food & Accommodation  
 Miscellaneous  
 Board fee (7.1)  
 Audit fee  
 Amortization  
 Gain or loss on foreign Exchange

**07 July 2024**  
 180,743,482  
 450,339  
 1,055,850  
 1,751,468  
 5,184,152  
 928,243  
 10,917,704  
 1,211,797  
 9,340,263  
 28,368,305  
 136,000  
 325,270  
 7,439,145  
 37,573  
 1,074,990  
 19,737,457  
 733,800  
 39,716,360  
 861,500  
 105,216  
 341,204  
 4,656,365  
**315,116,482**

**07 July 2023**  
 136,656,511  
 617,648  
 1,140,484  
 1,495,334  
 3,913,992  
 6,643,448  
 8,872,321  
 371,603  
 361,638  
 20,553,692  
 36,000  
 775,566  
 12,416,623  
 37,245  
 (614,977)  
 18,365,671  
 2,702,998  
 23,089,738  
 714,000  
 91,300  
 109,252  
 1,684,624  
**240,034,711**



- 7.1 Board fee represents allowance payable to the members of board of Managements based on the number of meetings held. The board is composed of 9 active members including the chairman and the secretary. Each member of the board other than the chairman and secretary has been entitled for an allowance of ETB 6,500 per each meeting. The chair man and the secretary are paid ETB 8,000 and ETB 4,000 per each meeting respectively. In addition to the meeting allowances Board fee, ETB 3,000.00 for the chairman of sub committee and ETB 2,500.00 for each sub committee members and ETB 2,000 for the secretary and this will be paid when there is an additional meetings.
- 7.2 As per IAS 21 , foreign currency transactions should be recorded at a rate ruling on the date the transaction occurred and any subsequent gain or loss arising from exchange rate difference between transaction date (bill of lading or airway bill date ) and bank settlement date be charged to profit or loss. Accordingly, net loss arising from exchange rate difference on purchase of raw materials and Property ,plant and equipment amounting ETB 4,656,365 has been charged to profit or loss as gain or loss on foreign exchange.
- 7.3 The increment on salary, wage and related benefits occurs due to salary increment and its related increment like overtime and pension.
- 7.4 Out of the 7,439,145.07 donation expense ETB 3,148,018( three million one hundred forty eight thousand eighteen) was donated for constructing a house for elder people living on arada sub city, ETB 2,000,000.00 (Two million Birr) was donated to Education Assessment and Examination Service and ETB 1,000,000 (One million Birr) have been donated for Mekedonia Charity Association.
- 7.5 There is additional purchase price of ETB 92,142,793 on property plant and Equipment ,out of this plant and machinery holds ETB 27,568,584 and Vehicles holds ETB 43,954,192.
- 7.6 During this accounting period, Food and Accommodation has been incurred for all employees with a total cost of ETB 733,800.00 .As per the ministry of finance directive number 1/2019 and number 5/2019 the provided food and accommodation allowance will be tax exempted as long as the total cost for each month is not more than 30% of the total monthly salary expense.
- 7.7 A total repair cost of ETB 6,255,263 has been capitalized to buildings and ETB 5,761,099 has been capitalized to vehicles.

## 8 FINANCE COST

	<u>07 July 2024</u>	<u>07 July 2023</u>
Interest on bank loans/Overdrafts (Note 8.1)	107,898	640,563
Gain or loss on valuation of bond (Note 8.2)	544,413	(103,139)
Bank service charge	72,336	29,466
Termination benefit expenses	13,938,815	(2,019,207)
Interest cost of termination benefit expense (Note 8.3)	3,220,450	2,580,787
	<b>17,883,912</b>	<b>1,128,470</b>
Termination benefit expenses	(13,938,815)	2,019,207
	<b>3,945,097</b>	<b>3,147,677</b>

- 8.1 Interest expense is related to overdraft facility obtained from commercial bank of Ethiopia bearing interest at a rate of 14% per annum. More details about the overdraft along with the related interest is disclosed under note 24.

## 8.2 Investment

8.2.1 The enterprise has made investment in government bond for Great Ethiopian Renaissance Dam amounting to ETB1,000,000 with maturity date on April 4,2024 but this bond has been renewed from april,22,2024 to april,21,2030G.C for the next six years. The investment bears no interest and is repayable at the maturity of the bonds. The investment has been accounted for at amortized cost, present valued using effective interest method 14%.Hence, the difference between the discounted amount and face value of the investment amounting ETB 544,413 is recognized as loss on valuation of bond in the statement of profit and loss. The difference between the value of the bond and its face value will be amortized over the life of the investment .

8.2.2 Toppan gravity Ethiopia is a foreign company. The company is interested to invest in Ethiopia specializing at security printings. Based on this, the company invited 49% of its share from local investors while the other 51% is held by the company itself. From the 49% of local share Berhanena selam printing enterprise decided to have 10% of the 49% share. Accordingly initial capital investment of birr 1,599,000 have been made to Toppan Gravity Ethiopia share company during 2023 budget year. As per the share agreement the investment payments will be made on three phases. Two phases has already been made during this accounting period with ETB 49,327,696 and the final payment which is ETB 32,885,131 will be made on the beginning of the next accounting period. And hence the total investment amount will arrive on ETB 83,811,827.

8.2.3 Pursuant to direction given by the Government of Ethiopia,and the Ethiopian Investment Holdings("EIH"),Berhanena selam printing Enterprise has been given the opportunity to contribute to the establishment of ESX founding investor of the ESX.Accordingly,the Enterprise will hold 0.05% of the share of ESX,and,as such, made a contribution of ETB 75,000(Seventy-five thousand Birr) during this accounting Period.

8.3 The amount included under finance cost is unwinding of the present value of employee termination benefit obligation.



9 TAXATION

(a) **Income tax expense**

Current taxation based on the taxable profit for the year at 30% (Note 9b)  
 ADD/DED/: Deferred tax charge (Note 10.1)  
 LESS; Deferred tax credit (Note 10.3 )

Current year profit tax expense

(b) **Tax expense computation**

Net profit before taxation

Deductible:

Depreciation per tax law (Note 10.2)

Add: Non allowable expenses

Depreciation per Enterprise policy (Note 11)

Provision for doubtful debts (Note 13.2)

Interest Income (Note 6)

Foreign currency (gain) or loss

Gain or loss on valuation of bond (Note 14)

Severance provision (Note 27)

Maternity Funeral

Leave Pay

Legal Fee

Other Expenses

Fuel Allowance

Entertainment

Taxable profit

Income tax at 30%

Current tax expense

(c) **Statement of financial position - Tax payable**

At the beginning of the year

Paid during the year

Current year tax payable ( Note 10b)

Less: Withholding tax

Income tax payable

07 July 2024

07 July 2023

194,241,324  
 (850,900)  
 (5,120,744)

132,521,292  
 (1,377,254)  
 (168,474)

188,269,680

130,975,564

560,424,420

381,497,067

(55,861,736)

(42,419,273)

58,930,940

46,923,607

1,024,474

4,142,073

(11,482,553)

(14,410,747)

4,656,365

1,684,624

544,413

(103,139)

17,159,265

561,581

60,482

68,718

4,165,426

18,674,242

59,040

77,628

37,291,168

20,331,541

8,904,964

6,344,050

21,594,410

18,365,671

647,471,079

441,737,641

194,241,324

132,521,292

194,241,324

132,521,292

110,733,145

51,935,676

(110,733,145)

(51,935,676)

194,241,324

132,521,292

(28,288,770)

(21,788,147)

165,952,553

110,733,145



## 10 Deferred tax

Deferred taxation is estimated on all temporary differences under the liability method using the currently enacted tax rate of 30%. Deferred tax are presented in the statement financial position on a net basis.

### (10.1) Deferred tax liability

The fact that revaluation amount is not allowed for tax purpose gives rise to taxable temporary difference between tax base and carrying amount of PPEs. Deferred tax asset arises on the temporary difference between carrying amount of PPE and its tax base. The depreciation rate used for tax purpose as per the new Income tax proclamation no No.979/ 2016 and the rate used for IFRS purpose are also different which also gives rise to deferred tax asset. Hence, the current tax rate of 30% has been applied to the temporary difference to arrive at deferred tax liability amounting ETB 44,051,282 as of 7th June 2024. The change in the statement of profit or loss for the year ended on 7th June 2021 amounting ETB 850,900 is in respect of the Decrease in deferred tax liability.

The Income tax proclamation No.979/ 2016 has been issued on 2016 and become effective for the period ended July 7, 2017. This proclamation revokes the pooling system and permits entities to separately calculate depreciation on each individual asset by applying the rate specified under regulation No. 410/2017 article 39 using either declining balance method or straight line methods. Accordingly, the enterprise has opted to use straight line method to determine depreciation for depreciable asset or business intangibles which are acquired on or after July 8, 2016.

### Deferred tax asset (liability)

Tax base of the asset at July 7, (Note 10.2)

Book value of the asset at July 7, (Note 10.2)

Temporary deference

Deferred tax asset /liability on temporary differences at 30% (Note 10.2)



**07 July 2024**

303,275,324

450,112,930

146,837,606

**44,051,282**

**07 July 2023**

271,279,911

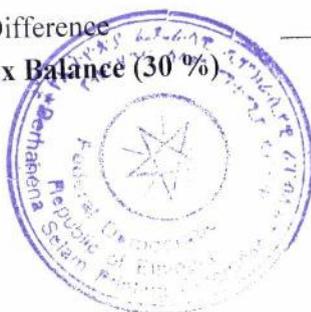
420,953,850

149,673,939

**44,902,182**

### (10.2) Deferred tax calculation

Particulars	Buildings	Computer and accessories	Other Assets	Total
Tax Law Depreciation Rate	5%	20%	15%	
Written down value 08 July 2023	135,468,981	(3,342,073)	139,153,003	271,279,911
Addition at cost	15,216,492	1,666,251	75,260,051	92,142,793
Disposal Proceeds/Adj.	(3,864,431)	-	(421,214)	(4,285,645)
Sub total	146,821,042	(1,675,822)	213,991,839	359,137,060
Tax law depreciation	(7,552,696)	(5,247,351)	(43,061,689)	(55,861,736)
Written down value 07 July 2024	<b>139,268,346</b>	<b>(6,923,173)</b>	<b>170,930,150</b>	<b>303,275,324</b>
Book Value	206,830,630	20,849,399	222,432,902	450,112,930
Temporary Difference	(67,562,284)	(27,772,571)	(51,502,751)	(146,837,606)
<b>Deferred Tax Balance (30%)</b>				<b>(44,051,282)</b>



**(10.3) Deferred tax asset**

Deferred tax asset arises on the temporary difference between carrying amount of termination benefit obligation and its tax base. Under Ethiopian tax law , severance payment is deductible when the employee actually terminates and when the obligation is settled in cash where as IFRS requires recognition of termination benefit obligation as the employee becomes entitled for the benefit for the service he/she rendered during the period regardless of payment. This gives rise to deductible temporary difference between tax base and carrying amount of employee benefit obligation at the reporting date. For the year ended on July 7, 2024 the temporary deductible difference amounts to ETB 40,072,357 and hence applying 30 % on the temporary difference results in deferred tax asset amounting ETB 12,021,707 in 2024 .The change amounting ETB 5,120,744 has been recognized as deferred tax credit which is netted off against income tax expense.

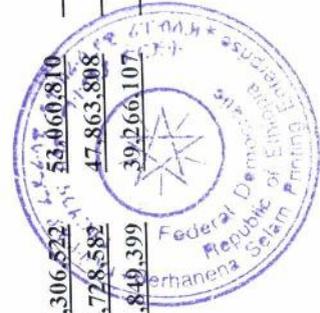
	<u>07 July 2024</u>	<u>07 July 2023</u>
Tax base of the liability at July 8, 2023	-	-
Book value of the liability at July 7, 2024	<u>40,072,357</u>	<u>23,003,211</u>
Temporary deference	<u>40,072,357</u>	<u>23,003,211</u>
Deferred tax asset on temporary differences at 30%	<u><u>12,021,707</u></u>	<u><u>6,900,963</u></u>



Currency: Ethiopian Birr

11. PROPERTY, PLANT AND EQUIPMENT

	Land improvement & Fence	Plant and Machinery,	Tools and equipment	Motor vehicle	Furniture, fixture and fittings	Office equipment	Computer and accessories	Construction in progress	Total
<b>COST</b>									
At 8 July 2022	2,008,415	175,036,485	12,984,960	55,373,220	3,242,861	2,114,418	33,437,446	53,060,810	554,874,346
Additions	10,707,289	96,000,510	12,011,090	6,600,000	48,261	-	11,531,806	(5,197,001)	158,610,896
Disposal/Transfer	-	-	-	-	-	-	(85,275)	-	(85,275)
At 7 July 2023	<u>12,715,704</u>	<u>271,036,995</u>	<u>24,996,050</u>	<u>61,973,220</u>	<u>3,291,122</u>	<u>2,114,418</u>	<u>44,883,977</u>	<u>47,863,808</u>	<u>713,399,967</u>
Additions	-	27,568,584	3,088,578	43,954,192	648,696	-	1,666,251	(8,597,702)	83,545,092
Disposal/Transfer	-	-	(421,214)	-	-	-	-	-	(7,640,497)
At 7 July 2024	<u>12,715,704</u>	<u>298,605,580</u>	<u>27,663,414</u>	<u>105,927,412</u>	<u>3,939,817</u>	<u>2,114,418</u>	<u>46,550,228</u>	<u>39,266,107</u>	<u>789,304,562</u>
<b>ACC. DEPRECIATION</b>									
At 8 July 2022	37,350,555	96,185,274	8,039,182	33,199,680	957,813	822,723	19,130,924	-	197,694,558
Charge for the year	8,133,555	24,421,500	3,172,495	7,134,925	316,494	207,621	3,060,322	-	46,923,603
Disposal/Transfer	-	-	-	-	-	-	(35,852)	-	(35,852)
At 7 July 2023	<u>45,484,110</u>	<u>120,606,774</u>	<u>11,211,677</u>	<u>40,334,606</u>	<u>1,274,308</u>	<u>1,030,344</u>	<u>22,155,395</u>	-	<u>244,582,309</u>
Charge for the year	13,445,102	27,921,916	4,355,044	8,597,146	323,312	207,621	3,545,435	-	58,930,940
Disposal/Transfer	(3,542,716)	-	(45,007)	-	-	-	-	-	(3,587,724)
At 7 July 2024	<u>55,386,496</u>	<u>148,528,689</u>	<u>15,521,714</u>	<u>48,931,752</u>	<u>1,597,620</u>	<u>1,237,964</u>	<u>25,700,830</u>	-	<u>299,925,526</u>
<b>NET BOOK VALUE</b>									
At 07 July 2022	180,265,177	78,951,211	4,945,778	22,173,540	2,285,048	1,291,694	14,306,522	53,060,810	357,179,789
At 07 July 2023	199,040,563	150,430,222	13,784,373	21,638,615	2,016,814	1,084,074	22,728,582	47,863,808	468,817,659
At 07 July 2024	197,135,386	150,076,890	12,141,700	56,995,661	2,342,197	876,453	20,840,399	39,266,107	489,379,037





	<u>Individually impaired</u>	<u>Collectively impaired</u>	<u>Total</u>
<b>At 8 July 2023</b>	4,607,689	-	6,484,405
	-	-	-
Written off amount	4,607,689	-	4,607,689
Additional charge for the year	1,229,474	-	1,229,474
<b>At 7 July 2024</b>	<u>5,837,163</u>	-	<u>5,837,163</u>

#### 14 Investments

This investment in a government bond is held to maturity. On 5 April 2018, the Enterprise has purchased Great Ethiopian Renaissance Dam Bond worth ETB 1,000,000 which matures on 4 April 2024. However, upon the request from the development bank of Ethiopia to extend the contractual period for additional 6 years, the maturity date is further extended to April 4 2030. The investment bears no interest and is repayable at the maturity of the bonds. The investment in bond is to be accounted for at amortized cost, present value using effective interest method. Hence, the difference between the discounted amount and face value of the investment amounting ETB 479,583.81 is recognized as loss on valuation of bond in the statement of profit and loss. See Appendix A.

Since Government Bond is rated as Risk free investment, there is no impairment to be incurred in relation to this during the accounting period.

#### 15 Advances and prepayment

Advance payment  
Deposits



<u>07 July 2024</u>	<u>07 July 2023</u>
4,431,051	43,382,510
14,333	14,333
<u>4,445,384</u>	<u>43,396,843</u>

This is related to advance payment made to the enterprise's major suppliers for purchase of raw materials and services to be delivered in the future.

#### 16 Inventories

Work in Progress  
Finished Products  
Raw Material  
Spare Part and Other Stores



Pro. For Stock Obsolescence  
Goods in transit

**Total inventories at the lower of cost and net realizable value**

<u>07 July 2024</u>	<u>07 July 2023</u>
79,203,536	102,042,450
49,404,927	25,483,786
616,571,344	359,423,795
121,085,197	115,616,383
866,265,005	602,566,414
(333,668)	(966,517)
155,172,522	213,656,388
<u>1,021,103,859</u>	<u>815,256,284</u>

The cost of Raw Materials consumed during the year was ETB 616,571,345 (7 July 2023 ETB 359,423,795). This is recognized in cost of sales. Spare parts and other stores of ETB 121,085,197 are checked regarding with its category and 16.1 doesn't meet the definition of Property, Plant and equipment as per IAS 16 paragraph 8.

The Enterprise has the legal title or ownership to the goods in transit of ETB 155,172,522. Scrap disposals are shown under Raw materials movement.



**17 Right use of asset ( Land )**

	Balance at 08 July 2023	Additions	Balance at 07 July 2024
Cost of land	1,639,973		1,639,973
Less: Amortization and impairment	(68,988)	(17,247)	(86,235)
	<b>1,570,985</b>	<b>(17,247)</b>	<b>1,553,738</b>

The Enterprise has leased 2,906.57 square meters of land from Addis Ababa City Administration Kality Sub city for 50 years at a cost of ETB 862,350.18. The average lease payment period is 20 years. An advance payment of ETB 172,470 has been effected to Addis Ababa city government land development Agency and then a serious of payment has been made. The Enterprise may transfer a leasehold right or use it as a collateral or capital contribution to the extent of the lease amount already paid. The lease is amortized over its lease period of 50 years.

The Enterprise has also leased 605 square meters of land from S/N/N/P region for 50 years at a cost of ETB 534,820 to contract G+6 building and an advance payment of 10% which is ETB 53,482 has been effected during 2019, where as the lease agreement hasn't been sent yet.

The enterprise also expands Abuare branch compound with plot area 636.78 Square meter at a cost of 1,221.18 per square meter by paying the full lease amount ETB 777,623.00 on 24 June,2021.

17.2 The Enterprise has also secured the right to use of the following plots of land from the Government free of charge yet opted not to recognize in the financial statements as a government grant .

i.) The enterprise's head office located in Arada sub city ,kebele 07 ,Addis Ababa with a plot area of 16,404 M2 with an estimated value of ETB 6,118,692. A plot area of 3,340.22m2 with estimated lease amount per m2 184,000 has been taken from the Enterprise for corridor development by mayor of the Addis Ababa city Administration. Due to this, the remaining Plot area of the Enterprise becomes 13,063.78M2 .

ii.) The Merha Tibe Branch office located at Arada sub city , Addis Ababa with a plot area of 2,141 M<sup>2</sup> with an estimated value of ETB 584,493

iii.) The branch office located at Yeka Sub City, Addis Ababa with a plot area of 8,470 M<sup>2</sup> with an estimated value of ETB 2,312,310

The values of the right of use of those lands are determined based on the current lease rate of the sites which is ETB 373/M<sup>2</sup> at head office site ,and ETB 273/M<sup>2</sup> at branch office sites.



**18 Intangible Asset**

In the financial year 2020 ,the Enterprise has acquired Enterprise Resource Planning (ERP) system based on the agreement reached with local ERP Software developing company called Hilmark Ethiopia Plc., with original cost of ETB 1,757,500 exclusive of VAT. The system has integrated 10 modules with an estimated life of Twenty years. During 2022 accounting period, the Enterprise acquired Website hosting service with original cost of ETB 82,609 exclusive of Vat with the estimated useful life of Five years. During this accounting Period, the Enterprise purchased window Microsoft window server 2022 software with original cost of ETB 1,159,756 exclusive of Vat with Estimated useful life of 5 Years.

Cost	ERP system	System under development	Total
As at July 08 2023	1,840,109.00	-	1,840,109.00
addition	1,159,756	-	1,159,756.04
disposal/transfer	-	-	-
As at June 07 2024	<b>2,999,865</b>	-	<b>2,999,865</b>
Amortization	(359,760.88)	-	(359,760.88)
As at July 08 2023	(323,957)	-	(323,957)
charge for the year	-	-	-
disposal/transfer	(683,718)	-	(683,718)
As at June 07 2024	<b>2,316,147</b>	-	<b>2,316,147</b>
Book value As at June 07 2024			



**19 CAPITAL**

As per Berhanena Selam Printing Enterprise establishment council of minsters (Amendment) Regulation no.412/2017,the authorized capital of the enterprise is birr 1,528,700,000 . Effective date of this regulation is 31 August,2017.On July 07,2022 the paid up capital balance Reached a balance of ETB 1,067,852,817.According to Public Enterprise proclamation No.25/1992,the Authorized capital of Enterprise shall be fully paid up within 5 years from the date of its establishment (sub article 20.2).In addition where the Authorized capital is not fully paid up as provided under sub article 20.2,the supervising Authority shall ,without prejudice to the rights of third parties, adjust the capital to the level of the paid up capital. Based on this proclamation, the Enterprise will not have additional capital increment starting from July 07,2022.

**20 LEGAL RESERVE**

The legal reserve is a statutory reserve to which no less than one-twentieths of the annual net profit of the Enterprise is transferred until such fund amounts to one-fifth of the capital of the Enterprise. Currently, the beginning balance was ETB 40,069,688 and this has been increased by ETB 18,639,054 and Reached a balance of ETB 58,708,743.

**21 RETAINED EARNINGS**

The retained earning balance represents the amount available for distribution to the owner of the enterprise. The beginning balance was ETB 156,955,583 and this has been increased by 106,242,610 during this period but an adjustment in proportional change from 40-60% to 30-70% change of decreased by ETB 24,655,042 for the 2023 budget year and reached a balance of ETB 238,543,151 on July 07,2024.

**22 First time IFRS adoption revaluation**

Valuation of Buildings, land improvement, Machineries and Vehicles were performed as at 7 July 2015 to determine the fair value, which has now been treated as a deemed cost at the date of the translation to IFRS. The balance included in First time IFRS adoption revaluation reserve is the surplus of the revaluated amount over the carrying amount and was transferred to this surplus account net of deferred tax arising from revaluation of PPE.This Reserve only includes gain or loss arising from property, plant and equipment as per IAS 16.

**23 Financial liabilities at amortized cost:**

- Trade and other payable
- Current portion of Long term loan
- Long term loans (Note 24)
- Lease liability
- Termination benefit obligation
- Total financial liabilities**
- Total current**
- Total non-current**

07 July 2024	07 July 2023
168,298,442	176,091,608
-	-
-	-
275,952	275,952
40,072,357	23,003,209
<b>208,646,751</b>	<b>199,370,770</b>
<b>168,298,442</b>	<b>176,091,608</b>
<b>40,348,309</b>	<b>23,279,161</b>



**24 Long term loan**

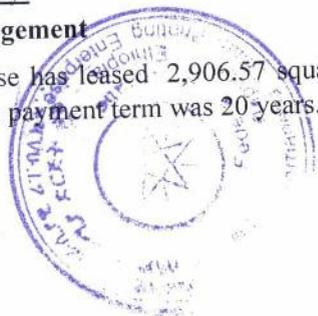
There is no any long term loan during this accounting period.

The Enterprise has annually renewable overdraft facility with annual interest rate of 14% and a maximum limit of birr 60 million .The enterprise uses the overdraft whenever there is a shortage. As a result the maximum amount of overdraft utilized during the budget year was birr 43,127,701 which is happened in the month of July 2023.

**25 Lease liability**

**Lease arrangement**

The Enterprise has leased 2,906.57 square meters of land from Addis Ababa City Administration, Kality Sub city. The average lease payment term was 20 years. The lease liability currently has a balance of ETB 23,052,000.





## 28 RISK MANAGEMENT OBJECTIVES AND PRINCIPLES

The Enterprise's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Enterprise's operations. The Enterprise's principal financial assets include trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The main business risks faced by the enterprise in respect of its principal non-derivative financial instruments are market risk including interest rate risk and foreign currency risk, credit risk and liquidity risk. The directors review and determine policies for managing these risks.

### (a) Market Risk

The Enterprise maintains a conservative policy regarding currency and interest rate risks and does not engage in speculation in the markets. In addition, the Enterprise does not speculate or trade in derivative financial instruments.

#### (i) Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities. The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

As at 7 July 2024, the Enterprise did not hold any financial assets or liabilities which were subject to interest rate risk.

#### (ii) Foreign exchange risk

The Enterprise undertakes certain transactions denominated in foreign currencies. Therefore, exposures to exchange rate fluctuations arise. Exchange rate exposures for the Enterprise mainly relate to purchases of raw materials and capital expenditures in foreign currencies.

At 7 July, 2024, the Enterprise do not have any financial asset or liability denominated in foreign currency.

#### (iii) Price risk

The enterprise does not hold investments that would be subject to price risk at 7 July, 2024; hence this risk is not relevant.

### (b) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Enterprise. Credit risk arises from deposits with banks, as well as trade receivables. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by the banking regulatory authority.

The amount that best represents the Enterprise's maximum exposure to credit risk as at 7 July 2024 is made up as follows:

	Fully performing	Impaired	Past due	Total
7 July 2024				
Trade receivables	165,815,560	-	-	165,815,560
Other receivables	83,093,694	-	-	83,093,694
Cash and bank balances	433,525,540	-	-	433,525,540
	<u>682,434,794</u>	<u>-</u>	<u>-</u>	<u>682,434,794</u>

Bank balances are fully performing. Trade receivables under the fully performing category are expected to be recovered in full as the debtors are paying their debts as they continue trading. Trade receivables in the past due category are balance which have been past due yet not impaired/provided for.

**(c) Liquidity Risk**

Prudent liquidity risk management includes maintaining sufficient cash to meet Enterprise obligations. The Enterprise manages this risk by maintaining adequate cash balances in the bank, banking facilities and by continuously monitoring forecast and actual cash flows.

The table below analyses the Enterprise’s financial liabilities that will be settled on a net basis into relevant maturity grouping’s based on the remaining period at the reporting period to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	<u>1 - 12 months</u>	<u>1 - 5 years</u>	<u>Total</u>
At 7 July 2024			
Trade payables	-	-	-
Borrowing	-	-	-
Trade and other payables	386,947,590	-	386,947,590
	<u>386,947,590</u>	<u>-</u>	<u>386,947,590</u>

**29 CAPITAL RISK MANAGEMENT**

The enterprise manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the enterprise consists of equity attributable to equity holders (FDRE Government), comprising issued capital and retained earnings. The enterprise monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total liability less current liability. Total capital is calculated as equity plus net debt. Information on the enterprise’s capital and borrowings as at 7 July 2024 is provided below:

Paid up capital  
 Legal reserve  
 Retained earnings  
 Equity  
 Total liability  
 Less: current liability  
 Net debt  
 Gearing



	<u>07 July 2024</u>	<u>07 July 2023</u>
Paid up capital	1,067,852,817	1,067,852,817
Legal reserve	58,708,743	40,069,688
Retained earnings	238,543,151	156,955,583
Equity	<u>1,365,104,711</u>	<u>1,264,878,089</u>
Total liability	799,619,801	557,307,779
Less: current liability	(727,517,867)	(496,303,349)
Net debt	<u>72,101,934</u>	<u>61,004,430</u>
Gearing	3%	3%

**30 ACCRUALS**

Accruals

	<u>07 July 2024</u>	<u>07 July 2023</u>
Accruals	52,152,208	20,026,252

Included in accrual is cumulative annual leave and unclaimed salary accrued at the reporting date. Each employee is entitled to an annual leave of 14 days for the first year of employment and keeps on increasing one day per additional year of service until it reaches the maximum amount allowed per year. However, the leave can only be carried forward for one more year. This includes provision for annual leave ETB 32,706,032, others ETB 18,939,462 & salary and over time ETB 506,714.

### 31 STATE DIVIDEND

Pursuant to council of minister regulation No. 412/2017, issued on 31<sup>st</sup> August 2017 to amend the enterprise's establishment regulation , the authorized capital of the enterprise is increased to ETB 1,528 ,700,000.According to Public Enterprise proclamation No.25/1992,the Authorized capital of Enterprise shall be fully paid up within 5 years from the date of its establishment (sub article 20.2).Based on this, the enterprise stopped transferring all of its unpaid dividend ,the balance in the retained earning and net profit for the year to its paid up capital as the 5 years period is elapsed. Currently, the paid up capital reaches ETB 1,067,852,817. According to Public Enterprise proclamation No.25/1992,the Authorized capital of Enterprise shall be fully paid up within 5 years from the date of its establishment (sub article 20.2).In addition where the Authorized capital is not fully paid up as provided under sub article 20.2,the supervising Authority shall ,without prejudice to the rights of third parties, adjust the capital to the level of the paid up capital. The Enterprise shall pay 70% from the reaming balance of the net profit after deducting the legal reserve to state dividend and the remaining 30% will be transferred to industrial development fund. The beginning balance was ETB 170,890,633 and this has been increased by 247,899,424 during this period and ETB 102,874,821 has been paid during this period but an adjustment in proportional change from 40-60% to 30-70% change of Increased by ETB 24,655,042 for the 2023 budget year and reached a balance of ETB 340,570,278 on July 07,2024.

### 32 RELATED PARTY DISCLOSURE

IAS 24 provides an exemption to the government entities limiting the disclosure required only to those transactions that are individually or collectively significant. Hence the disclosure below represents only those related parties with which the Enterprise has had significant transactions during the respective period and the entities listed below are related to BERHANINA SELAM PRINTING ENTERPRISE because they are all owned by the FDRE government.

Related Parties	Sales to related parties/Total sales during the year	Due from related parties/ending balance	Due to related parties/Advance Received
National Educational Ass. And Examination Agency	461,942,461	66,143,484	-
National Lottery	182,928,230	12,380,026	-
Ethiopia Press Enterprise	156,764,481	5,648,210	-
Ministry Of Health	20,754,456	0.00	-
Ministry Of Finance	71,225,200	968,920	-
Media & communications center	50,703,008	7,612,174	-
Commercial Bank Of Ethiopia	49,412,371	274,188	-
Benshangul Gumze regional state Education Bureau	35,976,934	789,801	-
Addis Ababa City Education	33,574,877	0.00	-
Oromia Vital Events Registration Agency	28,533,783	0.00	-
Anbesa City Bus Service Enterprise	27,835,542	2,573,868	-
Office of the road fund	24,041,439	0.00	-
Civil Registration & Residency Service / CRRSA	21,344,187	0.00	-
Oromia Regional gov communication Affairs	20,708,793	1,983,251	-
Addis Ababa Drive and Vehicle Licensing and Control Author	18,748,447	4,500,871	-
Cooperative Bank of Oromia	17,262.881	0.00	-
<b>Total</b>	<b>1,321,757,088</b>	<b>102,874,821</b>	



**Compensation of key management personnel of the Enterprise**

	<u>07 July 2024</u>	<u>07 July 2023</u>
Short-term employee benefits	20,589,826	12,035,352
Post-employment benefit (pension)	945,644	412,969
Bonus payment	<u>2,251,534</u>	<u>3,147,336</u>
<b>Total compensation paid to key management personnel</b>	<b><u>23,787,004</u></b>	<b><u>15,595,657</u></b>

Included in short term employee benefits is monthly Allowances like position, fuel, housing, mobile and basic salary provided to key management personnel. As a result, the amounts disclosed above are recognized as an expense during the respective reporting period. A change of ETB 8.19 million with regard to Key management benefit like Bonus expenses as there is a salary increment resulted from Enterprise's accomplishment of its financial budget objectives during this fiscal period.

**33. EVENTS AFTER REPORTING PERIOD**

There are no events existing after the reporting period regarding with the 2024 budget year financial statements.

**34. CONTINGENT LIABILITIES AND COMMITMENTS**

There is no contingent liabilities and commitments as at 7 July 2024.

**35. GOING CONCERN ASSUMPTION**

Management of the enterprise has concluded on the appropriateness of the use of the going concern basis of accounting based on the assessment made on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Enterprise's ability to continue as a going concern. Management's conclusions are based on the assessment made up to the forcible future.

Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Branch to cease to continue as a going concern.

**36. COMPARATIVE FIGURES**

Comparative figures are reclassified to facilitate comparison



Appendix A

**BIRHANENA SELAM PRINTING ENTERPRISE**

**Amortization of investment in bond**

**For 2024 Budget Year**

Bond serial no 0003520HN

S/n	Budget Year	Principal amount	number of years to maturity	Interest rate	Discounted balance	Loss on Bond Value	Interst income	Closing balance
1	2024	1,000,000.00	6	14.00%	455,586.55	544,413.45		455,586.55
2	2025	1,000,000.00	5	14.00%	519,368.66	480,631.34	63,782.12	519,368.66
3	2026	1,000,000.00	4	14.00%	592,080.28	407,919.72	72,711.61	592,080.28
4	2027	1,000,000.00	3	14.00%	674,971.52	325,028.48	82,891.24	674,971.52
5	2028	1,000,000.00	2	14.00%	769,467.53	230,532.47	94,496.01	769,467.53
6	2029	1,000,000.00	1	14.00%	877,192.98	122,807.02	107,725.45	877,192.98
7	2030	1,000,000.00	0	14.00%	1,000,000.00	-	122,807.02	1,000,000.00

Entry

COA	2024 budget year		
01000041040009	Loss on Bond Value	544,413.45	
,01000014010001	Investment bond		544,413.45



Appendix B

**BIRIHANENA SELAM PRINTING ENTERPRISE**  
**Other Income From Rent**  
**Tax calculation and transaction For 2024 Budget Year**

Taxable rent income/Loss	Multiply by 30% of taxable rent income	Net tax due
894,782.62	268,434.79	268,434.79

MJV000716

**2024 budget year Transaction**

A/t No	Description	Dr	Cr
01-0000-35020001	Profit Tax Payable	-	268,434.79
01-0000-21020001	Legal Reserve	-	31,317.39
01-0000-34040002	Industrial Development	-	178,509.13
01-0000-34040001	State Dividend	-	416,521.31
01-0000-27010001	Income & Expense Summary	894,782.62	0.00

