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**AUDIT SERVICES
CORPORATION**

**ETHIOPIAN CONSTRUCTION DESIGN AND
SUPERVISION WORKS CORPORATION
INDEPENDENT AUDITOR'S REPORT**
AND
FINANCIAL STATEMENTS

30 JUNE 2023

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Office of the Federal Auditor General
Audit Services Corporation

**INDEPENDENT AUDITOR'S REPORT TO THE
SUPERVISING AUTHORITY OF
ETHIOPIAN CONSTRUCTION DESIGN
AND SUPERVISION WORKS CORPORATION**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ethiopian Construction Design and Supervision Works Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2023, and the statement profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, but excluding note 8 to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 30 June 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

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**INDEPENDENT AUDITOR'S REPORT TO THE
SUPERVISING AUTHORITY OF
ETHIOPIAN CONSTRUCTION DESIGN
AND SUPERVISION WORKS CORPORATION (continued)**

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

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 period. This matter was 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 this matter.

International Financial Reporting Standards

As is required by Financial Reporting Proclamation No. 847/2014, the Corporation has prepared financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. This necessitates that the Corporation ensure that the financial statements complies with all applicable Standards, but also to discover information that may not have previously been needed when preparing previous financial reports. The possibilities for omissions and clerical errors were many. Therefore, we checked compliance with IFRS, as to measurement and disclosure requirements, in detail; we also checked how crucial information was obtained and we verified significant calculations exhaustively. Our audit procedures did not identify significant errors in compliance with IFRS or in related calculations.

Other Matter

Additional Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the additional information. The additional information comprises the information included in note 8 to the financial statements, but does not include the financial statements and our auditor's report thereon.

In connection with our audit of the financial statements, our responsibility is to read the additional information and, in so doing, consider whether the additional information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work that we have performed, we conclude that there is a material misstatement of this additional information, we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT TO THE
SUPERVISING AUTHORITY OF
ETHIOPIAN CONSTRUCTION DESIGN
AND SUPERVISION WORKS CORPORATION (continued)

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 control 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 Corporation's internal control.

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**INDEPENDENT AUDITOR'S REPORT TO THE
SUPERVISING AUTHORITY OF
ETHIOPIAN CONSTRUCTION DESIGN
AND SUPERVISION WORKS CORPORATION (continued)**

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Corporation'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 Corporation 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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INDEPENDENT AUDITOR'S REPORT TO THE
SUPERVISING AUTHORITY OF
ETHIOPIAN CONSTRUCTION DESIGN
AND SUPERVISION WORKS CORPORATION (continued)

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

The engagement partner on the audit resulting in this independent auditor's report is Woizero Alganesh Araya.

Audit Services Corporation

14 November 2024



Ethiopian Construction Design & Supervision Works Corporation
Statement of Financial Position
As of June 30, 2023

	Notes	Birr	June 30,2022 Birr (As restated)
Non-current assets			
Property, plant and equipment	2a, 6a	728,947,579	577,066,381
Construction in Progress	6b	38,507,269	39,026,075
Right of Use Asset	2b,6c	12,704,442	12,931,307
Intangible Asset	2c, 6d	5,326,035	6,353,720
Government securities	2d, 6e	468,025	468,025
Deferred tax Assets	2e	48,165,101	34,804,005
Total non-current assets		834,118,451	670,649,513
Current assets			
Inventory	2f, 6f	313,714,639	63,326,043
Trade receivable	2d, 4, 6g	1,326,604,695	719,266,665
Contract asset	2d	218,482,106	158,629,047
Other Receivables	2g, 4, 6h	213,334,646	106,343,285
Other Tax Recoverable	2g	36,053,034	22,132,362
Cash and cash equivalents	2d, 4	267,991,621	340,814,444
Total current assets		2,376,180,741	1,410,511,846
Total assets		3,210,299,192	2,081,161,359
Current liabilities			
Contract Liabilities		108,463,041	32,845,915
Other Payables	6i	1,230,390,106	409,000,134
Value added tax Payable	2d	13,293,295	36,609,240
Income tax	2e, 6j	82,058,635	66,382,142
Dividend Payable	6o	234,809,745	105,116,364
Employee benefit payable	2h	52,433,191	34,143,830
Total current liabilities		1,721,448,013	684,097,625
Non-current liabilities			
Long term employee benefit payable	2h	25,580,699	9,971,610
Lease Liability	2b	9,800,570	10,163,554
Deferred tax liability	2d	60,429,580	51,586,200
Total non-current liabilities		95,810,849	71,721,364
Total liabilities		1,817,258,862	755,818,990
EQUITY			
Paid-up Capital	6m	1,114,274,782	1,114,274,782
Legal Reserve	6n	58,659,350	48,927,666
Retained Earnings	6o	214,600,345	156,634,068
Equity in Excess of Paid up capital	6p	5,505,853	5,505,853
Total Equity		1,393,040,330	1,325,342,369
TOTAL LIABILITIES AND EQUITY		3,210,299,192	2,081,161,359



Ethiopian Construction Design & Supervision Works Corporation
Statement profit and loss and other comprehensive income
For the year ended June 30, 2023

	Notes	Birr	2022 Birr (As restated)
Revenue	2k, 6r	2,602,869,709	1,173,915,158
Cost of sales	6s	<u>1,866,507,786</u>	610,606,055
Gross profit		736,361,923	563,309,103
Other income	6t	26,600,129	32,424,265
Expense			
Administration Expense	6u	450,862,590	322,538,928
Provision for Uncollectable receivable	6g	<u>22,464,112</u>	<u>8,957,910</u>
		473,326,702	331,496,838
Profit before tax		289,635,350	264,236,531
Tax expense	2e, 6k, 6l	<u>92,244,009</u>	<u>79,821,856</u>
Profit for the year		197,391,342	184,414,675



Ethiopian Construction Design & Supervision Works Corporation
Statement of changes in equity
For the year ended June 30, 2023

	Note	Share Capital <u>Birr</u>	Excess of Paid up Capital <u>Birr</u>	Legal reserve <u>Birr</u>	Retained Earning <u>Birr</u>	Total <u>Birr</u>
Balance At 30 June 2021						
As previously reported		1,114,274,782	5,505,853	39,706,932	-	1,159,487,567
Correction of severance pay	5				<u>86,556,492</u>	<u>86,556,492</u>
As restated		1,114,274,782	5,505,853	39,706,932	86,556,492	1,246,044,059
Profit for the year					184,414,675	184,414,675
Transferred to legal reserve				9,220,734	-9,220,734	0
Dividend to EIH					105,116,365	-105,116,365
Balance At 30 June 2022		1,114,274,782	5,505,853	48,927,666	156,634,068	1,325,342,369
As previously reported		1,114,274,782	5,505,853	48,789,783	69,029,668	1,237,600,086
Correction of severance pay	5				89,314,144	89,314,144
Profit for the year					197,391,342	197,391,342
Transferred to legal reserve	6n			9,869,567	-9,869,567	-
Dividend to EIH					<u>131,265,242</u>	<u>-131,265,242</u>
Balance At 30 June 2023		<u>1,114,274,782</u>	<u>5,505,853</u>	<u>58,659,350</u>	<u>214,600,345</u>	<u>1,393,040,330</u>



Ethiopian Construction Design & Supervision Works Corporation
Statement of Cash Flows
For the year ended June 30, 2023

	Birr	June 30,2022 Birr (As restated)
Cash flows from operating activities		
Profit before tax	289,635,350	264,236,531
Adjustment For:		
Depreciation & Amortization	41,754,343	37,587,935
Gain From Foreign Exchange rate change	(1,041,334)	(4,229,807)
Annual Leave Provision	14,868,135	3,029,085
Long term Employee Benefit	7,186,316	1,772,466
Provision for obsolete stock	18,424	44,461
Provision for Expected Credit loss	22,464,112	8,957,910
	374,885,345	311,398,579
Movement in Working Capital		
(Increase) Decrease in inventory	(250,407,020)	(18,430,390)
(Increase) Decrease in Tread receivable & Other receivables	(810,567,233)	5,960,385
Increase (Decrease) in Lease liability	(362,984)	(725,968)
Increase (Decrease) in contract liability & Other payables	888,215,747	189,941,262
Cash generated from operation	201,763,856	488,143,869
Income tax Paid	(81,085,232)	(83,318,671)
Interest recognized in profit or loss	(1,252,141)	(2,817,757)
Net Cash inflow /(out flow) from operating activities	119,426,483	402,007,440
Cash flows from investing activities		
Purchase of Plant Property & Equipment	(170,871,001)	(147,808,437)
Purchase of Materials for construction	(23,671,780)	(35,652,225)
Net cash outflow from investing activities	(194,542,781)	(183,460,662)
Cash flows from financing activities		
Proceeds from redemption of Bond	-	(121,450)
Proceeds from Gain on Foreign Exchange rate change	1,041,334	4,229,807
Interest received	1,252,141	2,817,757
Net cash (outflow)/inflow from financing activities	2,293,475	6,926,115
Net decrease in cash and cash equivalents	(72,822,823)	225,472,893
Cash and cash equivalents at the beginning of the year	340,814,444	115,341,551
Ending Cash Balance	267,991,621	340,814,444



NOTES TO THE FINANCIAL STATEMENTS
30 June 2023

1. REPORTING ENTITY INFORMATION

Ethiopian Construction Design and Supervision Works Corporation (the 'Corporation') is a corporation established by the council of ministers regulation No.365/2015 and governed by public enterprises Proclamation No.25/1992. Currently the corporation is under the ownership of Ethiopian Investment holdings Established by proclamation 1263/2021.

The corporation has been established to provide study, surveying, design, construction supervision, contract administration, consultancy, training, material inspection and laboratory services as well as construction on roads, bridges, tunnels, airfields, railways, buildings, architectural engineering, dams, irrigation, drainage, water supply, water quality, sewerage disposal, dry waste disposal, hydropower, wind and geothermal energy development, integrated water use, integrated basin development, basing development, flood prediction and diversion, water infrastructure, city and sub city planning and architectural engineering, rural development plan and settlement, land use planning, geo-techniques and foundation engineering and other infrastructure development projects where the market failure exists.

The address of the Company's registered office is Ethiopian Construction Design & Supervision works Corporation headquarters, Bole- Megenagna Ring road in front of the former Imperial Hotel, Addis Ababa, Bole sub city, Woreda 5. The Corporation is registered in the Trade Register of Business Registration Number MT/AA/2/0034395/2008 and Business License Number MT/AA/14/673/559605/2008.

a. Basis of Preparation

The principal accounting policies applied in the preparation of this financial statement are set out below. The Financial statement for the period ended on June 30,2023 has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and related interpretations issued by the International Financial Reporting Interpretations Committee(IFRIC). Additional information required by National regulations is included where appropriate.



b. Judgments & Estimates

The preparation of the financial statement in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Corporation's accounting policies. Management believes that the underlying assumptions are appropriate and that the Corporation's financial statement therefore presents the results fairly.

c. Functional and Presentation Currency

Items included in the financial statement are measured using the currency of the primary economic environment in which the Corporation operates ('the functional currency'). The functional currency and presentation currency of the Corporation is the Ethiopian Birr (ETB).

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

a. Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Corporation recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognized in statement of profit or loss and other comprehensive income as incurred.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:



Category	Useful life in years	Residual Value (based on %age of cost)
Building	50	50%
Motor Vehicle	15	30%
Computer & Accessories	10	5%
Furniture & fittings	10	5%
Equipment	10	5%
Office Machine	15	5%
Heavy Duty Machine	20	40%

The Corporation commences depreciation when the asset is available for use. Land is not depreciated. Capital work-in-progress is not depreciated as these assets are not yet available for use. They are disclosed when reclassified during the year. An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains and losses on sale

Net gains on sale of items of plant property & equipment are presented in profit or loss as other income. Net losses on sale are included in administration Expenses. Net gains and losses are recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing management involvement with the plant property & equipment.

b. Lease

The Corporation has long-term lease of land and for it the present value of the lease payments represent substantially all of the fair value of the land.



The Corporation recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any indirect cost incurred.

The right-of-use asset is subsequently depreciated using strait line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset.

c. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortized over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. 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 methodology, as appropriate, which are then treated as changes in accounting estimates. Intangible assets with infinite lives will not amortize but there will be an impairment loss test. Amortization is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives, as follows:

Category	Useful life in years	Residual Value
Intangible Asset (software)	8	No residual Value

d. Financial Instruments

Financial Assets

Initial recognition and 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. All financial assets except trade receivable are recognized initially at fair value.



Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into three categories:

- At amortized cost
- Financial assets at fair value through profit or loss
- Financial assets at fair value through other comprehensive income

The basis of classification depends on the Corporation's business model and the contractual cash flow characteristics of the financial assets. In the process of providing consultancy services, the corporation issue an invoice to its client having provided the deliverables as per the contract agreement. Such business activity create a trade receivable to the corporation and a business model of 'hold to collect' has been set to manage financial assets in order to generate cash flows.

Therefore according to the 'hold to collect' business model, the corporation holds financial assets to collect their contractual cash flows. All current financial assets the Corporation has are classified under amortized cost.

For trade receivables, the Corporation chooses to apply the Stage 3 approach to recognize an allowance for lifetime expected credit losses from initial recognition. The corporation measures the loss allowance at an amount equal to lifetime expected credit losses. In this regard the corporation was using the inflation rate declared by central statistics agency in determining the loss through aging analysis of receivables. But in the current year the corporation has used the average banks' lending rate in setting the loss rate.

The corporation has recognized revenues based on percentage of completion method for its study & design projects before it reached at its milestone stated on the contract. In this case the corporation recognize its right to consideration as "contract asset" in exchange for the services provided.

De-recognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Corporation's statement of financial position) when the rights to receive cash flows from the financial asset have expired or has been transferred.



Financial liabilities

Recognition and measurement

Financial liabilities are initially measured at fair value (the transaction price) using effective interest rate. After initial recognition, all financial liabilities of the Corporation are measured at amortized cost. The fair values of trade payables of the Corporation are similar with their transaction price. Collections from advance payment by clients are recognized as liability until the earning process is completed.

Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, cash at bank and treasury bills when they are deemed receivable within three months.

Value added tax recoverable

As per IAS 32 Financial instrument standard paragraph 42, financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity: currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In this regard the corporation has legally enforceable right to offset the value added tax recoverable with value added tax payable. Therefore the value added tax recoverable amount Birr 59,752,970 has been offset against value added tax payable which amounts Birr 73,046,271. As a result the value added tax payable has been presented in the statement of financial position at net amount of Birr 13,293,295.

e. Income Taxation

Current income tax

The income tax liability for the period is the tax payable on the current period's taxable income based on the applicable income tax rate. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Ethiopia.



Deferred tax

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statement. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

f. Inventories

Inventories are measured at the lower of cost and Net Releasable Value. The Corporation writes down the values of obsolete inventories to nil which it no longer expects future economic from. Inventories are presented net of impairment. To value the cost of inventories, the Corporation uses weighted average method.

g. Other Assets

Other assets are generally defined as claims held against other entities for the future receipt of money. The other assets in the Corporation's financial statements include the following:

Prepayments

Prepayments are payments made in advance for services to be enjoyed in future. The amount is initially capitalized in the reporting period in which the payment is made and subsequently amortized over the period in which the service is to be enjoyed.

Other tax recoverable

According to the federal income tax proclamation number 979/2016, the corporation's client is obliged to withheld 2 % of our sales and repay it to the tax authority. Therefore the corporation will record this withholding tax following the receiving of official receipt provided by the client and report it as other tax recoverable on the statement of financial position.



Other receivables

Other receivables are recognized upon the occurrence of event or transaction as they arise and cancelled when payment is received. The Corporation's other receivables are sundry receivables and other receivables from debtors.

h. Employee Benefits

Leave and Severance pay

The Corporation has an employee benefit scheme which follows the Corporation's Labor union Collective agreement & management directive in which it effects severance pay for those employees who voluntarily leaves the Corporation after 5 and plus years of service. The payment made is based on employees' final salary.

The corporation has used a projected unit credit method to calculate the severance pay for each eligible employee by considering the annual growth in salary and assuming the will retire at age of 60. Therefore a severance pay which amounts br. 7,186,316 has been recorded as additional provision for the current year.

The Corporation recognizes a liability for bonuses and profit-sharing based on a formula that takes into consideration the profit at each year end. The Corporation accounts for annual leaves by providing in full for all unused leaves.

The Corporation has a defined post-employment scheme in line with the provisions of pension for public servants proclamation 714/2011. Funding under the scheme is 7% and 11% by employees and the Corporation respectively. The pension scheme is based on employees' monthly salary. Employer's contributions to this scheme are charged to profit or loss and other comprehensive income in the period in which they relate.

Termination benefits

Termination benefits are payable to employees as per proclamation 1156/2019 and collective agreement made between the labor union & the management as well as based on the management directives of the corporation. When employment is terminated by the corporation before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Corporation recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan



without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Bonus plans

The Corporation recognizes a liability and an expense for bonuses based on the decision of the board of management following the acceptable level of profit plan performance. The Corporation recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

i. Impairment of Non-Financial Assets

The Corporation assesses, at each reporting date, whether there is an indication that an asset/ cash generating unit (CGU) may be impaired. If any indication exists, or when annual impairment testing for an asset/cash generating unit is required, the Corporation estimates the CGU'S recoverable amount. CGU'S recoverable amount is the higher of cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for each CGU. When the carrying amount of an asset or CGU 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 (i.e, the borrowing cost of the Corporation) 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.

j. Provision

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



The expense relating to a provision is presented in income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as other operating expenses.

k. Recognition of Revenue from Contracts with Customers

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured, regardless of when the payment is being made. 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.

Projects of Study & Design Services has their own milestones stated on the contract agreement. These milestones are outputs at different stages of the project. The milestones could be delivering Inception Report, feasibility study report, Draft design report and Final design report to the client. The Corporation Recognizes revenue when Performance obligations are satisfied at a point in time.

For Projects of Construction supervision service, the Corporation bills fixed amount for each hour of service provided by the assigned professionals and deployment of scientific & other equipment. Therefore, the Corporation recognizes revenue in the amount to which it has a right to invoice.

Foreign exchange gains or losses

These are gains and losses arising on settlement and translation of monetary assets and liabilities denominated in foreign currencies at the functional currency's spot rate of exchange at the reporting date. This amount is recognized in the statement of profit or loss; they are included under other income.

l. Cash Flow Statement

The cash flow statement is prepared using the indirect method. Changes in balance sheet items that have not resulted in cash flows such as fair value changes and other non -cash items which has no effect on the profit and loss statement have been eliminated for the purpose of preparing this statement.



3. FINANCIAL RISK MANAGEMENT

Risk is inherent in the Corporation's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. Risk Management provides a comprehensive and dynamic framework for identifying, measuring, monitoring and managing financial and non-financial risks. When the quantitative data disclosed at the reporting date is not representative of the Corporation's exposure to risk during the period, further information that is representative must be assisted in qualitative disclosures.

This process of risk management is critical to the Corporation's continuing profitability and each individual within the Corporation is accountable for the risk exposures relating to his or her responsibilities. The Corporation is exposed to credit risk, liquidity risk and market risk. It is also subject to country risk and various operating risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Corporation policy is to monitor those business risks through the Corporation's strategic planning process.

Risk management structure

The objective of the Corporation's risk policies and procedures is to ensure that the risks in its operations are identified, measured, monitored and effectively managed. Exposure to risk is managed to ensure that it will remain within limits and the risk appetite adopted by the Corporation will comply with regulatory requirements. The Corporation has established a comprehensive risk management system.

The Corporation risk management and control is based on the following key principles: -

- The Board of management approve risk management policies of the Corporation and ensure their implementation;
- Risk management policies and systems are reviewed regularly to reflect changes in the regulations, market conditions, product and services offered;
- The Board of management is assisted by the Audit committee to undertake regular and ad-hoc reviews of risk management control and procures
- Board of management ensures that appropriate remedial actions are taken whenever there are risks which are out of Corporation's risk appetite.



Risk mitigation

Risk controls and mitigates, identified and approved for the Corporation, are documented for existing and new processes and systems. The adequacy of these mitigates is tested on a periodic basis through administration of control self-assessment questionnaires, using an operational risk management tool which requires risk owners to confirm the effectiveness of established controls.

Financial Instruments by category

The Corporation's financial assets are categorized and classified under amortized cost measurements. The classification of the Corporation's financial assets are summarized in the table below.

	30 June 2023 Birr	30 June 2022 Birr
Cash and balances with banks	267,991,621	340,814,444
Tread receivable	1,326,604,695	719,266,665
Total financial Assets	1,594,596,316	1,060,081,109

Credit risk

Credit risk is the probability that a counterparty of the Corporation will not meet its obligations in accordance with agreed terms and conditions which may lead to financial loss. The Corporation is exposed to credit risk due to its credit policy.

Management of credit risk

In measuring credit risk of receivables to various counterparties, the Corporation considers the character and capacity of the obligor to pay or meet contractual obligations, current exposures to the counter party/obligor and its likely future developments, credit history of the counter party /obligor; and the likely recovery percentage in case of default obligations-value of collateral and other ways out. Our credit exposure is largely on trade receivables still outstanding.

Maximum exposure to credit risk

All trade receivables still outstanding are not backed by any form of guaranty. The maximum exposure to risk is thus the current carrying amount of trade receivables.



Credit quality of cash and cash equivalent

The credit quality of cash and cash equivalents and short-term investments that were neither past due nor impaired at as 30 June 2022, have been classified as non-rated as there are no credit rating agencies in Ethiopia.

Investments

The Corporation limits its exposure to credit risk by only investing available cash balances in liquid securities and only with counterparties that have strong credit history.

Market risk

Market risk is defined as the risk of loss risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market risk factors such as interest rates, foreign exchange rates, equity prices, credit spreads and their volatilities. Market risk can arise in conjunction with trading and non-trading activities. The Corporation does not ordinarily engage in trading activities as there are no active markets in Ethiopia.

Management of Market risk

The main objective of Market Risk Management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. Market risk is monitored by the audit committee on regularly, to identify any adverse movement in the underlying variables.

Foreign currency risk

The corporation is exposed to foreign currency risk on its foreign activates. The Corporation is engaged in two foreign projects which are denominated in a currency other than the functional currency during the fiscal year 2022/2023. The currency that give rise to this risk is the US dollar.

In managing foreign currency risk, the corporation aims to ensure the availability of the foreign currency and to reduce the impact of short-term fluctuations on earnings. Over the longer term, however, permanent changes in foreign exchange rates and the availability of foreign currencies will have a positive/negative impact on profit. The Corporation currently has access to foreign currency through sale of its service. The Corporation doesn't raise capital in any currency other than the functional currency.



4. SIGNIFICANT ACCOUNTING JUDGMENT, ESTIMATES AND ASSUMPTIONS

Estimates and assumptions

The preparation of the Corporation's financial statement requires management to make judgments, estimates and assumptions that affect the reported amount of assets, 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 assets or liabilities affected in future periods.

Judgments

In the process of applying the Corporation's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

Impairment losses on receivables

The Corporation chooses to apply the 3 Stage approach or to recognize an allowance for lifetime expected credit losses from initial recognition. The Corporation reviews its receivables for impairment on an on-going basis and write down the carrying amount of receivables if there is a reasonable expectation that amounts won't be recovered/ collected. To provide for loss allowances on trade receivables, the Corporation looks in to past history, experience, trends as well as nature of transactions and type of customers.

The use of historical loss experience is supplemented with significant management judgment to assess whether current economic and credit conditions are such that the actual level of inherent losses is likely to differ from that suggested by historical experience. In normal circumstances, historical experience provides objective and relevant information from which to assess inherent loss within each portfolio.

The estimation of impairment losses is subject to uncertainty, which has increased in the current economic environment, and is highly sensitive to factors such as the level of economic activity, unemployment rates, property price trends, and exchange rates. The assumptions underlying this judgment are highly subjective. The methodology and the assumptions used in calculating impairment losses are reviewed regularly in the light of differences between loss estimates and actual loss experience.



Depreciation and carrying value of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

Provisions

The reconciliation of provisions for Tax/Legal related cases and accrued balances for severance pay are based on the best estimate of the Corporation. The Corporation has assessed past experiences, trends, the opinion of legal department and industry trends to come up with numeric figures for liabilities with uncertain timing and amount.

Severance pays

The Corporation uses estimates, averages and computational short cuts to provide a reliable approximation of the liability incurred in relation to severance pay.

5. RESTATEMENT OF COMPARATIVE FIGURES

In 2022/2023 the corporation has implemented a model known as projected unit credit method to compute severance pay liability. The previous model computes the severance pay amount of all eligible employees at the end of the fiscal period. But it was found that from the view point of actuarial estimate the model was wrong and the provisional amount was not correct. The implementation of this model has been resulted in significant amount difference. Therefore the re-measurement had made the cumulative severance pay that was reported in the long term Employee benefit in the statement of financial position as of 30 June 2022 to be Birr 9,971,610. Adjustment is also made for the carrying amount of liability & equity account by the amount of 90,051,391.in the period the change was made.

Therefore the comparative figure of long term employee benefit other liabilities have been restated as Birr 89,314,144.31 on the statement of financial position as of 30 June 2022. Administration expense has also been decreased by Birr 2,757,652.55 due to a decrease in severance pay amounts from Birr 4,530,118.41 to 1,772,465.86. Hence, the record has been adjusted and the comparative of long term employee benefit payable have been restated.



6. DETAIL OF ACCOUNT BALANCE

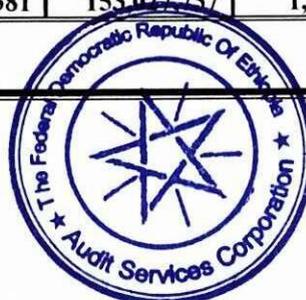
a. Property, Plant and Equipment

Cost

	Balance 30 June 2022 Birr	Addition Birr	Disposal Birr	Balance 30 June 2023 Birr
Building	198,628,620	32,626,364	-	231,254,984
Computer & Related Equipment	93,078,105	46,275,669	5,436,322	133,917,452
Equipment (Eng., Camp. & Off. Equip.)	115,133,550	76,657,830	1,141,922	190,649,458
Heavy Duty Machine	91,329,079	19,073,123	-	110,402,203
Motor Vehicle	260,647,030	382,609	-	261,029,639
Furniture & Fittings	32,917,942	9,839,877	616,801	42,141,018
Office Machine	18,008,696	8,726,336	2,265,031	24,470,001
Total Cost	809,743,023	193,581,808	9,460,075	993,864,755

Depreciation

	Balance 30 June 2022 Birr	Addition Birr	Disposal Birr	Balance 30 June 2023 Birr
Building	12,158,357	2,267,839	-	14,426,195
Computer & Related Equipment	31,641,595	9,217,463	4,864,865	35,994,193
Equipment (Eng., Camp. & Off. Equip.)	63,883,181	11,221,216	1,019,644	74,084,753
Heavy Duty Machine	16,897,078	2,923,561	-	19,820,639
Motor Vehicle	85,485,010	10,488,196	-	95,973,206
Furniture & Fittings	15,052,835	3,360,832	492,959	17,920,708
Office Machine	7,558,586	1,074,965	1,936,069	6,697,482
Total	232,676,642	40,554,071	8,313,536	264,917,176
Book Value	577,066,381	153,027,737	1,146,539	728,947,579



Ethiopian Construction Design and Supervision Works Corporation
IFRS Based Financial Statement
As of June 30, 2023

Cost

	Balance 30 June 2021 Birr	Addition Birr	Disposal Birr	Balance 30 June 2022 Birr
Building	183,530,551	59,233,262	44,135,193	198,628,620
Computer & Related Equipment	75,142,383	18,056,332	120,610	93,078,105
Equipment (Eng., Camp. & Off. Equip.)	86,889,017	28,248,896	4,362	115,133,550
Heavy Duty Machine	54,432,498	42,058,953	5,162,372	91,329,079
Motor Vehicle	219,882,372	47,444,327	6,679,668	260,647,030
Furniture & Fittings	31,186,178	1,759,218	10,628	32,934,768
Office Machine	13,510,187	4,481,683	-	17,991,870
Total Cost	664,573,186	201,282,671	56,112,834	809,743,023

Depreciation

	Balance 30 June 2021 Birr	Addition Birr	Disposal Birr	Balance 30 June 2022 Birr
Building	10,178,169	2,363,109	382,921	12,158,357
Computer & Related Equipment	24,633,452	7,062,763	54,620	31,641,595
Equipment (Eng., Camp. & Off. Equip.)	57,844,371	6,040,939	2,129	63,883,181
Heavy Duty Machine	14,681,115	4,664,618	2,448,655	16,897,078
Motor Vehicle	74,722,332	12,546,224	1,783,546	85,485,010
Furniture & Fittings	12,382,562	2,679,943	9,670	15,052,835
Office Machine	6,732,960	825,627	-	7,558,586
Total	201,174,961	36,183,223	4,681,542	232,676,642
Book Value	463,398,225	165,099,448	51,431,292	577,066,381



b. Construction in Progress

Construction in progress relates with site work at the head office of the Corporation. The construction is expected to be completed in the near Future along with all work and title deed transfer.

Construction in Progress	June 30,2023 Birr	June 30,2022 Birr
Beginning Balance	39,026,075	19,081,737
Addition	31,685,665	35,652,225
Transferred to Plant property & Equipment	(32,204,470)	-15,707,887
Ending Balance	38,507,269	39,026,075

c. Right of Use Asset

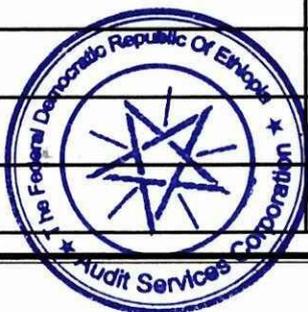
Right of Use Asset	June 30,2023 Birr	June 30,2022 Birr
Beginning Balance	12,931,307	13,158,172
Depreciation	226,865	226,865
Ending Balance	12,704,442	12,931,307

The land was transferred to the corporation at the date of May 9, 2019 on lease base by Yeka sub city administration land development and management office with a cost of Birr 13,611,902.19. The total area of the land is 5525 square meter and transferred with 60 years of lease term. 20 % of the lease amount was paid at commencement date and the remaining amount was recorded as lease liability to be paid during the next 30 years including the interest computed on the remaining balance of the lease liability.

d. Intangible Assets - Software

Cost

	June 30,2023 Birr	June 30,2022 Birr
Beginning Balance	11,583,288	9,499,717
Addition	173,913	2,083,571
Disposal/Adjustment	434,842	
Ending Balance	11,322,359	11,583,288



Accumulated Depreciation

	June 30,2023 Birr	June 30,2022 Birr
Beginning Balance	5,662,143	4,051,721
Addition	768,537	1,177,847
Disposal/Adjustment	434,357	
Ending Balance	5,996,324	5,229,568

Book value

	June 30,2023 Birr	June 30,2022 Birr
Book value	5,326,035	6,353,720

e. Investment in Government Securities

The Corporation purchased Ethiopian government saving bond which is issued by the federal government of Ethiopia Ministry of Finance with face amount of br. 468,025 issued on April 18, 2022. The bond maturity date is five years from the date of issue which is April 17, 2027 and is redeemable in full without any discount or premium.

f. Inventories

	June 30,2022 Birr	June 30,2022 Birr
Stationary	9,499,331	7,090,931
Office Supplies	4,940,126	3,917,872
Construction Supp. & Other	242,412,318	14,348,395
Laboratory Supplies	4,552,198	3,775,964
Motor Vehicle Spare parts	21,427,006	17,382,690
Rig Spare parts	23,671,127	15,147,300
Other Supplies (Camping, Eng. & Clearing Supplies)	7,876,208	2,308,141
	314,378,314	63,971,293
Provision For Obsolete Stock	(663,674)	(645,250)
Total	313,714,639	63,326,043

Ethiopian Construction Design and Supervision Works Corporation
IFRS Based Financial Statement
As of June 30, 2023

g. Trade Receivable

	June 30,2023 Birr	June 30,2022 Birr
Trade receivable	1,484,152,378	854,350,236
Less: Provision for doubtful trade receivable	(157,547,683)	(135,083,571)
	1, 326,604,695	719,266,665

h. Other Receivables

	June 30,2023 Birr	June 30,2022 Birr
Sundry Debtors	71,805,026	54,669,547
Supplier Advance	44,780,950	16,934,844
Staff Debtors	4,051,065	3,017,496
Retention Receivable	63,344,607	12,470,323
Travel Advance	8,697,911	9,079,298
Prepayments	516,113	1,206,960
Purchase Advance	20,394,211	9,220,054
Sub total	213,589,883	106,598,522
Less: provision for doubtful staff debtors	(237,237)	(237,237)
Less : provision for doubtful sundry debtors	(18,000)	(18,000)
	213,334,646	106,343,285

i. Other Payables

	June 30,2023 Birr	June 30,2022 Birr
Unearned Revenue	894,926,573	243,252,730
Sunday Creditors	47,699,553	41,454,395
Taxes & Pension Payable	37,272,979	16,460,393
Accruals	250,491,001	107,832,617
Total	1,230,390,106	409,000,134

j. Current Tax Payable

	For the year ended 30 June 2023 Birr	For the year ended 30 June 2022 Birr
Beginning balance	66,382,142	70,615,070
Paid during the year	-81,085,232	-83,318,671
Current profit tax	96,761,725	79,085,743
Total	82,058,635	66,382,142

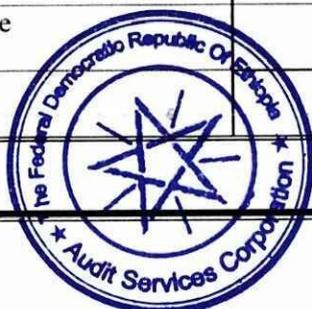


k. Tax Charge

	For the year ended 30 June 2023 Birr	For the year ended 30 June 2022 Birr
Net Profit before tax	289,635,350	264,236,531
Add: Disallowed expenses		
Entertainment	9,940,013	3,080,959
Penalty	9,156,807	4,330,775
Leave expense	14,868,135	3,029,085
Severance pays expense	7,186,316	1,772,466
Depreciation – IFRS	41,754,343	32,979,057
Provision for obsolete stock	18,424	44,461
Provision for doubtful debts	22,464,112	8,957,910
Less :Allowed Expenses		
Depreciation for tax purpose	71,232,276	51,994,343
Less: Income taxed at source or not to be taxed		
Gain on Disposal of PPE		
Interest Income	1,252,141	2,817,757
Taxable profit	322,539,084	263,619,142
Income tax at 30%	96,761,725	79,085,743

l. Income Tax Expense

	For the year ended 30 June 2023 Birr	For the year ended 30 June 2022 Birr
Current tax based on adjusted profit at 30%	96,761,725	79,085,743
Deferred tax assets expense	-13,361,096	-4,968,472
Deferred tax liabilities expense	8,843,380	5,704,586
Total tax expense	92,244,009	79,821,856



m. Paid-up Capital

The Corporation is wholly owned by the Government of the Federal Democratic Republic of Ethiopia. Though the Corporation has been established with a paid up capital of birr 393,771,990, Ministry of finance & economic cooperation has allowed the corporation to use its whole profit after tax & legal reserve to increase its paid up capital till it reaches the authorized capital through a letter dated march 06,2018 with reference number ክህ.መ/41/7/39. Therefore each year profit after tax less of legal reserve until June 30, 2021 had been transferred to paid up capital.

Currently the total paid up capital of the corporation is br. 1,114,274,782.

n. Legal Reserve

The legal reserve is a statutory reserve to which 5% of the net profits shall be transferred each year until it amounts to 20% of the capital.

o. Dividend

As per the directive issued by Ethiopian Investment holdings the dividend amount is 70% of the net profit after legal reserve is deducted. Dividend is currently to be transferred to Ethiopian Investment Holdings established and delegated to collect dividends from public enterprises by council of ministers regulation 487/2022

p. Retained Earnings

The balance of retained earnings represents the amount allowed by directive issued by Ethiopian Investment holdings for retaining of 40% of the net profit for investments to be made by the corporation.

q. Excess of paid-up capital

Excess of contribution in cash and in kind over the proclaimed paid up capital at the date of establishment. It is not available for distribution.



r. Revenue

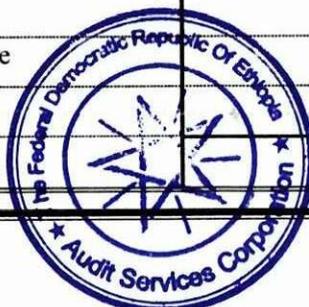
	For the year ended 30 June 2023 Birr	For the year ended 30 June 2022 Birr
Consultancy & Construction	2,476,847,342	1,015,856,002
Laboratory, Surveying & Geotechnical Work	126,022,367	158,059,156
Total	2,602,869,709	1,173,915,158

s. Operating Cost

	For the year ended 30 June 2023 Birr	For the year ended 30 June 2022 Birr
Salaries and Related Benefits	548,956,281	270,226,176
Traveling & Transportation	115,891,311	83,020,171
Depreciation & Amortization	15,190,526	7,086,702
Professional Services/Sub Consultancy	270,143,534	83,451,457
Rental Expense	155,924,693	32,543,302
Supplies & Utilities	670,023,481	108,226,542
Repair & Maintenance & Insurance	56,564,360	11,896,160
Printing Advertising & Communication	10,206,653	2,619,016
Entertainment	5,931,594	1,135,754
Severance & annual leave	388,148	394,524
Penalty	3,605,489	2,972,478
Miscellaneous -other expense	13,681,715	7,033,772
Total	1,866,507,786	610,606,055

t. Other Income

	For the year ended 30 June 2023 Birr	For the year ended 30 June 2022 Birr
Rent Income	16,378,053	16,378,053
Interest	1,252,141	2,817,757
Gain on Foreign Currency rate change	1,041,334	4,229,807
Miscellaneous	7,928,602	8,998,647
Total	26,600,129	32,424,265



u. Administration Expenses

	For the year ended 30 June 2023 Birr	For the year ended 30 June 2022 Birr
Salaries and Related Benefits	292,205,959	220,193,466
Supplies & utilities	56,955,198	37,852,577
Printing and Advertising	5,259,906	2,243,447
Penalty	5,551,318	1358297
Traveling & Transport	4,859,330	2,845,512
Insurance	11,521,449	9,907,211
Depreciation	26,563,817	25,892,355
Entertainment	4,008,420	1,945,205
Rental Expense	16,350,045	13,264,262
Severance pay & Annual leave	21,666,303	4,404,026
Miscellaneous	5,920,846	2,629,570
Total	450,862,590	322,538,928

v. Contingent Liabilities

Tax assessments have not yet been finalized with the tax authorities. The Corporation is being charged by the tax authority with assessments amounting to Birr 82,521,511.02 in respect to value added tax, profit tax and penalties. An appeal against these assessments has been lodged with the Tax Appeal Committee. The outcome of the appeal cannot be assessed at this time and no provision for this contingent liability has been made in these financial statements.

w. Events after the reporting period

Keeping the mandates given to the corporation on its establishment by the council of ministers regulation No.365/2015, additional mandates are given and the name of the corporation has been changed from “Ethiopian Construction Design & Supervision Works Corporation” to “**Ethiopian Engineering Corporation**” by Ethiopian Investment Holdings (EIH). The Board of directors of EIH has passed this decision in its minutes of meeting held on April 12, 2024. This document has been authenticated by Document authentication and registration service with document number ቅ10/0000349/4ሰ/2016.



7. DATE OF AUTHORIZATION

The chief executive officer of Ethiopian Construction Design & Supervision Works Corporation authorized the issue of these financial statements on 14 November 2024.

8. ADDITIONAL INFORMATION

The Corporation has Four Sectors And two centers Considered as a business unites under the legal entity of Ethiopian Construction Design & Supervision Works Corporation. The summarized Statement of financial position and Statement of profit or loss for each sector & center along with account breakdowns are presented as follows as an additional disclosure.



Ethiopian Construction Design and Supervision Works Corporation
IFRS Based Financial Statement
As of June 30, 2023

Ethiopian Construction Design & Supervision Works Corporation
Statement of Financial Position
As of June 30, 2023

	Water and energy sector	Transport sector	Building and urban Devt sector	Geotechnical Sector	laboratory center	Surveying center	Construction Sector	Head Office	Ethiopian Eng. Corporation
ASSET									
Non-current assets	234,633,083.57	57,987,742.25	50,548,029.44	4,026,148.78	985,013.67	1,637,107.77	154,085,508.75	1,809,901,282.49	834,118,451.31
Current assets	508,357,108.66	110,123,463.73	386,482,013.46	40,672,595.44	10,589,301.43	5,656,035.22	1,140,626,035.74	233,427,162.83	2,435,933,716.51
	443,671,176.68	198,470,130.82	338,187,776.57	94,491,603.08	54,511,778.93	79,429,432.02	172,111,813.89	1,108,020,882.74	
TOTAL ASSET	1,186,661,368.91	366,581,336.80	775,217,819.47	139,190,347.30	66,086,094.03	86,722,575.01	1,466,823,358.38	3,151,349,328.06	3,270,052,167.82
LIABILITIES									
Non-current liabilities	5,545,612.03	4,036,339.37	6,027,472.03	2,626,272.53	2,902,297.68	3,229,623.74		71,443,231.59	95,810,848.97
Current liabilities	140,900,990.74	21,952,031.49	49,703,271.14	15,104,088.84	8,173,658.83	12,215,975.10	1,015,819,169.38	517,331,803.05	1,781,200,988.57
	459,090,522.93	179,170,251.57	311,152,361.02	91,604,254.38	61,973,594.57	70,158,648.74	146,210,998.38	1,169,533,963.14	
TOTAL LIABILITIES	605,537,125.70	205,158,622.43	366,883,104.19	109,334,615.75	73,049,551.08	85,604,247.58	1,162,030,167.76	1,758,308,997.78	1,877,011,837.54
EQUITY									
Paid up								1,114,274,781.67	1,114,274,781.67
Legal Reserve								58,659,350.10	58,659,350.10
Retained Earnings								214,600,344.91	214,600,344.91
Equity in excess of paid up capital								5,505,853.60	5,505,853.60
Total Equity	581,124,336.80	366,581,336.80	408,334,715.28	29,855,731.55	(6,963,457.05)	1,118,327.43	304,793,190.62	1,393,040,330.28	1,393,040,330.28
TOTAL LIABILITIES AND EQUITY	1,186,661,368.91	366,581,336.80	775,217,819.47	139,190,347.30	66,086,094.03	86,722,575.01	1,466,823,358.38	3,151,349,328.06	3,270,052,167.82



Ethiopian Construction Design and Supervision Works Corporation
IFRS Based Financial Statement
As of June 30, 2023

Ethiopian Construction Design & Supervision Works Corporation
Statement of Profit or Loss and Other Comprehensive Income
For The Year Ended June 30, 2023

	Water and energy sector	Building and urban Devt sector	Transport sector	Geotechnical Sector	laboratory center	Surveying center	Construction Sector	Ethiopian Eng. Corporation
Revenue:								
Operating Revenue	464,858,420.25	386,781,776.85	155,282,104.48	18,151,746.67	24,641,760.57		1,553,153,900.40	2,602,869,709.22
Intra corporate Revenue	7,309,295.00	10,124,220.00	10,082,967.76	69,633,071.62	25,556,524.38	75,824,082.35	-	
Total Revenue	472,167,715.25	396,905,996.85	165,365,072.24	87,784,818.29	50,198,284.95	75,824,082.35	1,553,153,900.40	
Intra corporate Expense	116,432,013.89	47,776,346.53	19,871,904.00	1,285,371.52	-	-	13,164,525.17	
Net Operating Revenue	355,735,701.36	349,129,650.32	145,493,168.24	86,499,446.77	50,198,284.95	75,824,082.35	1,539,989,375.23	2,602,869,709.22
Cost of Sales	175,132,375.73	167,415,180.02	88,989,810.12	34,485,417.71	40,880,549.88	49,410,206.12	1,310,194,246.32	1,866,507,785.90
Gross Operating Profit	180,603,325.63	181,714,470.30	56,503,358.12	52,014,029.06	9,317,735.07	26,413,876.23	229,795,128.91	736,361,923.32
Other Income	17,689,746.07	1,417,855.80	1,068,390.10	240,807.76	1,275,794.69	248,923.39	4,658,611.51	26,600,129.32
	198,293,071.70	183,132,326.10	57,571,748.22	52,254,836.82	10,593,529.76	26,662,799.62	234,453,740.42	762,962,052.64
Expenses:								
Administrative Expense	145,333,406.36	100,469,251.44	64,585,248.08	48,897,905.59	20,021,889.89	28,290,047.09	65,728,953.72	450,862,590.30
Net Profit Before Tax	52,959,665.34	82,663,074.66	(7,013,499.86)	3,356,931.23	(9,428,360.13)	(1,627,247.47)	168,724,786.70	289,635,350.47



