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**AUDIT SERVICES
CORPORATION**

ETHIOPIAN ELECTRIC UTILITY
ETHIOPIA ELECTRIFICATION PROGRAM (ELEAP)
IDA CREDIT NO.61580-ET AND IDA CREDIT NO.61570-ET.
Parts 1.2.3(a).3(c).3(d).3(f).3(g) and 3(h)
INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
7 JULY 2020



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የሂሳብ ምርመራ አገልግሎት ኮርፖሬሽን

The Federal Democratic Republic of Ethiopia
Audit Services Corporation

**INDEPENDENT AUDITORS' REPORT TO THE
SUPERVISING AUTHORITY OF
ETHIOPIAN ELECTRIC UTILITY**

We have audited the financial statements of Ethiopian Electric Utility, Ethiopia Electrification Program, financed under IDA Credit No. 61580-ET (Regular Credit) and IDA Credit No. 61570-ET (Scale up Facility Credit), Parts 1,2,3(a),3(c),3(d),3(f),3(g) and 3(h) which comprise the balance sheet as at 7 July 2020 and the statement of sources and uses of funds and the Designated Account statement for the year ended 7 July 2020, and a summary of significant accounting policies and other explanatory information.

Chief Executive Officer's Responsibility for the Financial Statements

The Chief Executive Officer of Ethiopian Electric Utility is responsible for preparation of financial statements that give a true and fair view under the modified cash basis of accounting as described in note 2 to the financial statements 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The Procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Use

**INDEPENDENT AUDITORS' REPORT TO THE
SUPERVISING AUTHORITY OF
ETHIOPIAN ELECTRIC UTILITY (continued)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Ethiopian Electric Utility, Ethiopia Electrification Program, financed under IDA Credit No.61580-ET (Regular Credit) and IDA Credit No.61570-ET (Scale up Facility Credit) Parts 1,2,3(a),3(c),3(d),3(f),3(g) and 3(h), as at 7 July 2020 and of its sources and uses of funds for the year ended 7 July 2020 in accordance with the modified cash basis of accounting described in note 2 to the financial statements.

Report on Other Requirements

In our opinion

- during the period IDA funds have been used in accordance with the conditions of the relevant financing agreement and only for the purposes for which the financing was provided;
- counterpart funds have been provided and used in accordance with the financing agreement, and only for the purposes for which the financing was provided;
- goods, works and services financed have been provided in accordance with the relevant financing agreement and disbursement letters;
- all necessary supporting documents, records and accounts have been maintained in respect of all activities of the program;
- the funds disbursed covered expenditures that are eligible for financing under IDA Credit No. 61580-ET and IDA Credit No. 61570- ET- Parts 1, 2, 3(a), 3(c), 3(d), 3(f), 3(g) and 3(h).
- Financial performance of the program is satisfactory;
- our examination revealed no weaknesses or irregularities in the systems of internal controls over financial expenditure;
- the Designated Account has been maintained in accordance with the provisions of the financing agreement and funds disbursed out of the said Account were used only for the purposes intended in the financing agreement.

Audit Services Corporation

19 November 2020

**ETHIOPIAN ELECTRIC UTILITY
ETHIOPIA ELECTRIFICATION PROGRAM (ELEAP)
IDA CREDIT NO.61580-ET AND IDA CREDIT NO 61570-ET
Parts 1,2,3(a),3(c),3(d),3(f),3(g) and 3(h)
STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 7 JULY 2020**

	<u>Cumulative from 29 June 2019</u>		<u>to 7 July 2020</u>		<u>From 29 June 2019</u>	
	<u>USD</u>	<u>Ethiopian Birr</u>	<u>USD</u>	<u>Ethiopian Birr</u>	<u>USD</u>	<u>Ethiopian Birr</u>
SOURCES						
Credit from IDA						
Initial deposit to Designated Account	-	-	59,779,225	1,630,293,048	59,779,225	1,630,293,048
Additional deposit to Designated Account	47,506,695	1,514,429,110	76,622,479	2,353,883,743	29,115,784	839,454,633
EEU's contribution	-	1,834,018,716	-	2,951,854,221	-	1,117,835,505
Gain on foreign exchange	-	463,654,988	-	565,767,940	-	102,112,952
TOTAL SOURCES	47,506,695	3,812,102,814	136,401,704	7,501,798,952	88,895,009	3,689,696,138
USES						
Supplies	37,662,227	2,650,726,963	37,894,596	3,576,822,005	232,369	926,095,042
Contractual services	3,929,155	422,782,250	4,420,181	626,827,168	491,026	204,044,918
Capacity Building	-	9,403,885	94,672	18,108,414	94,672	8,704,529
Operating cost	1,917,762	62,895,639	1,917,762	62,969,384	-	73,745
TOTAL USES	43,509,144	3,145,808,737	44,327,211	4,284,726,971	818,067	1,138,918,234
EXCESS OF SOURCES						
OVER USES	3,997,551	666,294,077	92,074,493	3,217,071,981	88,076,942	2,550,777,904

ETHIOPIAN ELECTRIC UTILITY
ETHIOPIA ELECTRIFICATION
IDA CREDIT NO.61580-ET AND IDA CREDIT NO 61570-ET
Parts 1,2,3(a),3(c),3(d),3(f),3(g) and 3(h)
BALANCE SHEET
AS AT 7 JULY 2020

	Notes	USD	Ethiopian Birr	2019	USD	Ethiopian Birr
<u>ASSETS</u>						
<u>CURRENT ASSETS</u>						
Advance to suppliers		3,210,798	103,137,024		398,515	11,495,247
Cash at bank	3	88,863,695	3,113,934,957		87,678,427	2,539,282,657
		<u>92,074,493</u>	<u>3,217,071,981</u>		<u>88,076,942</u>	<u>2,550,777,904</u>
<u>REPRESENTED BY</u>						
FUND BALANCE		<u>92,074,493</u>	<u>3,217,071,981</u>		<u>88,076,942</u>	<u>2,550,777,904</u>

**ETHIOPIAN ELECTRIC UTILITY
 ETHIOPIA ELECTRIFICATION PROGRAM (ELEAP)
 IDA CREDIT NO.61580-ET AND IDA CREDIT NO 61570-ET
 Parts 1,2,3(a),3(c),3(d),3(f),3(g) and 3(h)
 DESIGNATED ACCOUNT STATEMENT**

For year ended 7 July 2020
 Account number 101181300064
 Depository bank National Bank of Ethiopia
 Address Addis Ababa, Ethiopia
 Related credit IDA 6158 - ET
 Currency USD

	<u>USD</u>	<u>Equivalent in Birr</u>
Beginning balance 7 July 2019	87,678,426.86	2,537,141,870.21
Add: Additional deposit	<u>47,506,695.35</u>	<u>1,514,429,110.42</u>
	135,185,122.21	4,051,570,980.63
Less: Payment for goods and services	<u>46,321,426.77</u>	<u>1,401,291,011.52</u>
	88,863,695.44	2,650,279,969.11
Gain on foreign exchange	<u>-</u>	<u>463,654,987.74</u>
Ending balance 7 July 2020	<u>88,863,695.44</u>	<u>3,113,934,956.85</u>