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**AUDITORS' REPORT ON THE FINANCIAL STATEMENTS  
OF**

**EDUCATIONAL MATERIALS PRODUCTION AND  
DISTRIBUTION ENTERPRISE (EMPDE)**

**AS AT AND FOR THE YEAR ENDED 7 JULY 2024**

**TAY**

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TAY

Authorized Accountants and Auditors  
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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF EDUCATIONAL MATERIALS PRODUCTION AND DISTRIBUTION ENTERPRISE (EMPDE)**

***Opinion***

We have audited the financial statements of Educational Materials Production and Distribution Enterprise (EMPDE), which comprise the statement of the financial position as at 07 July 2024 and the statement of profit or 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Enterprise as at 07 July 2024 and its financial performance, and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

***Basis for Opinion***

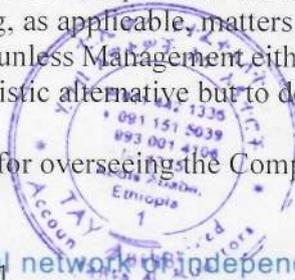
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with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

***Responsibilities of the Management and those Charged with Governance for the Financial Statements***

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies of the enterprise 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 Enterprise'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 enterprise or to cease operations, or have no realistic alternative but to do so.

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



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*Auditor's Responsibility for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the enterprise report as a whole is 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.

The engagement partner on the audit resulting in this independent auditor's report is Tesfa Tadesse, MSc, FCCA

TAY Authorized  
Accountant and Auditors



Addis Ababa  
8 October 2024

**Educational Materials Production and Distribution Enterprise**  
**Provisional Statement of Financial Position**  
**As at July 07, 2024**

	<u>Notes</u>		<u>2023</u> <u>ETB</u>
<b>ASSETS</b>			
Non-Current Assets			
Property, Plant and Equipment	12	326,882,449	294,397,008
Investment	11	37,152,207	1,599,000
<b>Current Assets</b>		<b>364,034,656</b>	<b>295,996,008</b>
Inventories	13	540,754,300	497,298,383
Trade and other Receivables	14	315,623,440	277,113,260
Cash and Cash Equivalents	15	224,165,209	267,079,843
Asset Held for Sale		-	2,574,663
<b>Total Current Assets</b>		<b>1,080,542,949</b>	<b>1,044,066,149</b>
<b>Total Assets</b>		<b>1,444,577,605</b>	<b>1,340,062,157</b>
<b>Equity and Liabilities</b>			
Capital and Reserves			
State Paid up Capital	16	114,948,683	114,948,683
Retained Earning	16	133,755,804	153,092,602
Legal Reserve	16	25,977,036	33,898,522
Other Component of Equity	16	19,306,841	19,306,841
<b>Total Capital and Reserves</b>		<b>293,988,366</b>	<b>321,246,649</b>
Non-Current Liabilities			
Deferred Tax Liabilities	21	44,194,121	32,898,615
<b>Total Non-Current Liabilities</b>		<b>44,194,121</b>	<b>32,898,615</b>
Current Liabilities			
Current Tax Payable	20 (A)	107,916,892	101,399,933
Trade and Other Payables	17	127,786,825	116,676,071
State Dividend Payable	18	200,457,331	424,441,948
Industrial Development Fund	19	402,890,100	343,398,942
<b>Total Current Liabilities</b>		<b>839,051,148</b>	<b>985,916,894</b>
<b>Total Long term liabilities</b>	20	<b>267,343,970</b>	<b>-</b>
<b>Long term liabilities</b>		<b>267,343,970</b>	<b>-</b>
<b>Total Liabilities</b>		<b>1,150,589,239</b>	<b>1,018,815,508</b>
<b>Total Equity &amp; Liabilities</b>		<b>1,444,577,605</b>	<b>1,340,062,157</b>



**Educational Materials Production and Distribution Enterprise**  
**Provisional Statement of profit or loss and other comprehensive income**  
**For the year ended July 07, 2024**

	Notes	2024 <u>ETB</u>	2023 <u>ETB</u>
Revenue	24	1,158,786,173	979,723,945
Cost of sales	25	(633,182,783)	(520,940,739)
Gross Profit		525,603,390	<b>458,783,206</b>
Other Income	26	29,870,259	37,875,838
Selling and Distribution Expenses	27	(20,022,397)	(20,422,376)
General and Administrative Expense	28	(115,865,745)	(85,767,304)
Operating Profit/(Loss)		<b>419,585,507</b>	<b>390,469,364</b>
Finance Cost	29	(1,717,019)	(1,098,283)
		<b>417,868,488</b>	<b>389,371,081</b>
Other Expense		-	(10,400,000)
Profit/(Loss) Before Tax		<b>417,868,488</b>	<b>378,971,081</b>
Taxation (PROFIT TAX)	20 (A)	(131,500,870)	(117,141,119)
Profit After Tax		<b>286,367,619</b>	<b>261,829,963</b>
Legal reserve		-	-
Other Comprehensive income		-	-
Other Comprehensive income( net of tax)		-	-
Total Comprehensive income/(loss) for the year		<b>286,367,619</b>	<b>261,829,963</b>



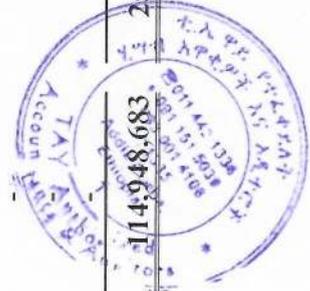


**Educational Materials Production and Distribution Enterprise**

**Statement of change in Equity**

**For the year ended July 07,2024**

	State Capital	Legal Reserve	Other Component of Equity	Retained Earnings	Total
<b>Balance at 01, Hamle 2014</b>	<b>114,948,683</b>	<b>33,898,522</b>	<b>19,306,841</b>	<b>151,940,984</b>	<b>320,095,031</b>
Profit for the year	-	-	-	261,829,963	-
Other Comprehensive Income	-	-	-	-	-
Transfer to Legal Reserve	-	-	-	-	-
Prior year Adjustment	-	-	-	1,104,546	-
Prior year Adjustment	-	-	-	(1,900)	-
State Dividend	-	-	-	(157,097,978)	-
Industrial Development Fund	-	-	-	(104,731,985)	-
Movement in deferred tax	-	-	-	48,972	-
<b>Balance at 30, Sene 2015(July 7,2023)</b>	<b>114,948,683</b>	<b>33,898,522</b>	<b>19,306,841</b>	<b>153,092,602</b>	<b>321,246,649</b>
Profit for the year	-	-	-	286,367,619	286,367,619
Other Comprehensive Income	-	-	-	-	-
Transfer to Legal Reserve	-	-	-	-	-
Prior year Adjustment	-	-	-	(8,041,291)	(8,041,291)
Prior year Adjustment	-	(7,921,486)	-	(200,457,333)	(7,921,486)
State Dividend	-	-	-	(85,910,286)	(85,910,286)
Industrial Development Fund	-	-	-	(11,295,506)	(11,295,506)
Movement in deferred tax	-	-	-	133,755,804	293,988,366
<b>Balance at 30, Sene 2016(July 7,2024)</b>	<b>114,948,683</b>	<b>25,977,036</b>	<b>19,306,841</b>	<b>133,755,804</b>	<b>293,988,366</b>



**Educational Materials Production and Distribution Enterprise**  
**Notes to the Financial Statements**  
**For the year ended July 07, 2024**

**1. Nature of Operations**

The principal activity of the company comprises of producing and distributing educational materials to governmental, non-governmental and private organizations across Ethiopia.

**2. General information, statement of compliance with IFRS and going concern assumption**

Educational Materials Production and Distribution Enterprise (EMPDE) was established in 1967 E.C under the Ministry of Education, mainly to serve as a logistic house for the supply of different educational materials as well as rendering related services. Since then, the Enterprise undergone through different organizational restructuring process without a major change in its duties and responsibilities.

After 1991 E.C., the Enterprise has re-established as public owned business enterprise per Proclamation No. 50/1991 with the objective of producing and distributing a range of educational materials at the national level. As a result, the Enterprise, as a fully Government Owned Public Enterprise, was directly accountable to Privatization and Public Enterprises Supervising Agency /PPESA/. In 2008 E.C, per the Proclamation No. 916/2008 EMPDE is restructured again to be accountable to the Ministry of Education. From September 2021 G.C restructured again to be accountable to Privatization and Public Enterprises Supervising Agency /PPESA. And restructured again to be accountable to Ethiopian Investment holdings per the Proclamation No1263/2014 E.C.

The Enterprise is managed and run by the Board of Management and Management Body to undertake strategic and operational day to day activities. The Enterprise owns two big premises at Gulele and Bole Sub Cities, while the head office is situated at Bole Sub City Wereda 06 around Gurd Shola area.

***Vision***

“To be a leading producer of Educational Materials in the Country”

***Mission***

“To provide quality educational materials (text books and school furniture) using modern technology, skilled manpower and effective working procedures in view of attaining customer satisfaction.”

***Mandate (Scope)***

- Prepare, publish and print student text books, teacher guides, and reference materials like charts and maps.
- Produce science, technical, vocational and other educational equipment as well as prepare, install, and maintain them.
- Produce and supply furniture, chalk and gypsum.
- Produce educational materials for kindergarten.
- Carry out research and development in view of attaining quality and efficiency.



**Educational Materials Production and Distribution Enterprise**  
**Notes to the Financial Statements**  
**For the year ended July 07, 2024**

*Values*

- Meet the needs of customers and other stockholders.
- Enhance customers' confidence and satisfaction.
- Continually review and improve the effectiveness and efficiency of the system.
- Improve product/service quality and productivity.
- Set work areas convenient, free from accident and injury.
- Minimize cost, scrap and pollution with each process.

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). They have been prepared under the assumption that the company operates on a going concern Basis.

**3. New or revised Standards or Interpretations**

There were no new or revised standards or interpretations during the financial year.

**4. Basis of Preparation**

The company's financial statements have been prepared on an accrual basis and under principally the historical cost convention except for the revaluation of properties in applying Fair value as deemed cost, investments and derivatives. Monetary amounts are expressed in Ethiopian Birr (ETB).

**5. Basis of Consolidation**

The Enterprise has no parent and subsidiary to prepare consolidated financial statement.

**6. Summary of significant Accounting Policies**

**6.1 investments in Associates and joint ventures**

The Enterprise has made no investments in associates and joint ventures.

**6.2 Functional and Presentation currency**

The financial statements are presented in Ethiopian Birr (ETB), which is also the functional currency of The Enterprise.

**6.3 Foreign currency transaction and balance**

Foreign currency transaction is translated in to the functional currency of the respective entity, using the exchange rates prevailing at the dates of the transaction (spot exchange rate).

Foreign exchange gains and losses resulting from the settlement of such transaction and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss.

Non –monetary items are not retranslated at year –end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non –monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

**Educational Materials Production and Distribution Enterprise**  
**Notes to the Financial Statements**  
**For the year ended July 07, 2024**

**6.4 Segment Reporting**

The Enterprise has no separately reportable segments

**6.5 Revenue**

Revenue arises mainly from the sales of educational materials. To determine whether to recognize revenue, the company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

The Enterprise often enters into transactions involving a sale and delivery of educational materials to its customers in all cases, the total transaction price for a contract is allocated amongst the various performance obligation based on their relative stand- alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognized either at a point in time or over time, when (or as) the company satisfies performance obligation by transferring the promised goods or services to its customers.

The Enterprise recognizes contract liabilities for consideration received in respect of unsatisfied performance obligation and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Enterprise satisfies a performance obligation before it receives the consideration, the Enterprise recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

**6.6 Operating Expenses**

Operating Expenses are recognized in profit or loss upon utilization of the service or as incurred.

**6.7 Borrowing Costs**

Borrowing Costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

**6.8 profit or loss from discontinued operation**

A discontinued operation is a component of the enterprise that either has been disposed of or is classified as held for sale. profit or loss from discontinued operation comprises the post – tax profit or loss of discontinued operation and the post-tax gain or loss recognized on the measurement to fair value less costs to sell or on the disposal group(s) constituting the discontinued portion.

**Educational Materials Production and Distribution Enterprise**  
**Notes to the Financial Statements**  
**For the year ended July 07, 2024**

**6.9 Good will**

Good will represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Good will is carried at cost less accumulated impairment losses.

**6.10 Other intangible assets**

**Internally developed software**

Expenditure on the research phase of projects to develop new customized software is recognized as an expense as costs that are directly attributable to a project's development phase are recognized as intangible assets, provided they meet the following recognition requirements:

- The development costs can be measured reliably
- The project is technically and commercially feasible
- The Enterprise intends to and has sufficient resources to complete the project
- The Enterprise has the ability to use or sell the software
- The software will generate probable future economic benefits

Development costs not meeting these criteria for capitalization are expensed as incurred. Directly attributable costs include employee costs incurred on software development along with an appropriate portion of relevant overheads and borrowing costs

**Subsequent measurement**

All finite-lived intangible assets, including capitalized internally developed software, are accounted for using the cost model whereby capitalized costs are amortized on a straight – line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. The following useful lives are applied;

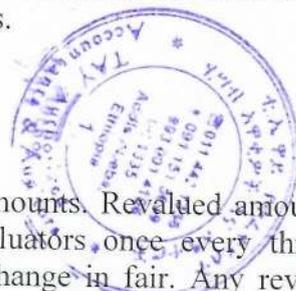
Any capitalized internally developed software that is not yet complete is not amortized but is subject to impairment amortization has been include within depreciation, amortization and impairment of non-financial assets.

Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss within other income or other expenses.

**6.11 Property, plant and Equipment**  
**Right of use Land**

Right of use Land owned is stated at revalued amounts. Revalued amounts are fair values based on appraisals prepared by in – house valutors once every three years or more frequently if market factors indicate a material change in fair. Any revaluation surplus is recognized in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decreases, or impairment loss has previously been



**Educational Materials Production and Distribution Enterprise**  
**Notes to the Financial Statements**  
**For the year ended July 07, 2024**

recognized in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognized in other comprehensive income. Downward revaluation of land are recognized upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognized in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

**6.12 Plant, Building, Machineries, Vehicles and others equipment**

Plant, Building, Machineries, Vehicles and others equipment (comprising fittings and furniture) are initially recognized at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the company's management. Buildings and equipment also include leasehold property held under a finance lease

Plant, Buildings, machineries and other equipment are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognized using straight – line method and units of production basis to write down the cost less estimated residual value of building machineries and other equipment. The following useful lives are applied;

- Buildings: Up to 70 years
- Land Improvements: Up to 70 years
- Plant and Machineries: Up to 30 years
- Vehicles: Up to 20 Years
- Computers and Accessories: Up to 15 years
- Office Equipment, Furniture, Computers & Accessories, tools & other assets: Up to 10 years

The residual values used in determining periodic depreciation is assumed to be a percentage of the revalued asset amounts (5% for Building Plants, Machinery and Vehicles and 1% for all remaining assets)

In the case of leased assets, expected useful lives are determined by reference to comparable owned assets or the term of the lease, if shorter. Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets are recognized in profit or loss within other income or other expenses.

**6.13. Leased assets**

All leased assets are treated as if finance lease except short – term and small value leases. The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

**Educational Materials Production and Distribution Enterprise**  
**Notes to the Financial Statements**  
**For the year ended July 07, 2024**

All other leases are treated as operating leases. Where the company is a lessee, payments on operating lease agreement are recognized as expense on a straight – line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

**The Enterprise as a lesser**

The Enterprise also earns rental income from operating leases of investment properties. Rental income is recognized on a straight – line basis over the term of the lease.

**6.14 Impairment testing of intangible assets and property, plant and equipment**

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash –generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognized for the amount by which the asset's (or cash –generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in use. To determine the value –in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the enterprise's latest approved budget, adjusted as necessary to exclude the effects of future re-organization and asset enhancements. Discount factors are determined individually for each cash –generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

All assets are subsequently reassessed for indication that an impairment loss previously recognized may no longer exist.

An impairment loss is reversed if the assets or cash –generating unit's recoverable amount exceeds its carrying amount.

**6.15 investment property**

Investment property are properties held to earn rentals or for capital appreciation, or both and are accounted for using the fair value model.

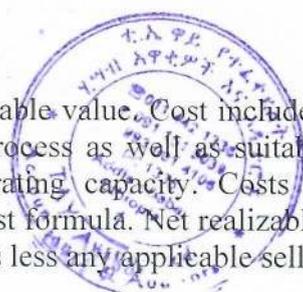
Investment property are revalued annually with resulting gains and losses recognized in profit or loss and are included in the statement of financial position at their fair values.

**6.16 Financial instruments**

Financial assets and financial liabilities are recognized when the enterprise becomes a party to the contractual provisions of the financial instruments and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

**6.17 Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost includes all expense directly attributable to the service or manufacturing process as well as suitable portion of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the average cost formula. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.



**Educational Materials Production and Distribution Enterprise**  
**Notes to the Financial Statements**  
**For the year ended July 07, 2024**

**6.18 Income taxes**

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly I equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the balance sheet liability method.

Deferred tax assets are recognized to the extent that it is probable that underlying tax loss or deductible temporary difference will be utilize against future taxable income. This is assessed based on the enterprise's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are recognized in full.

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**6.19 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**6.20 Non-current assets and liabilities classified as held for sale and discontinued operation**

Non –current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the group's relevant accounting police for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortization.

Any profit or loss arising from the sale of a discontinued operation or its re-measurement to fair value less costs to sell is presented as part of a single line item, profit or loss from discontinued operation.

**6.21 Equity reserves and dividend payments**

Share capital represents the nominal (par) value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Other components of equity include the following;

**Revaluation reserve**

- Comprise gains and losses from the revaluation of land

**Translation reserve**

- Comprises foreign currency translation differences arising from the translation of financial statements.

Retained earnings include all current and prior period retained profits

Dividend distribution payable to state government is included in other liabilities when the dividends have been approved prior to the reporting date.



**Educational Materials Production and Distribution Enterprise**  
**Notes to the Financial Statements**  
**For the year ended July 07, 2024**

**6.22 post – employment benefits, other –long –term benefits and short term employee benefits post –employment benefit plans**

The enterprise provides post –employment benefits through defined contribution benefit plans.

**Defined contribution plans**

The enterprise pays fixed contribution into state pension plans and for individual employees. The enterprise has no legal or constructive obligation to pay contribution in addition to its fixed contribution, which are recognized as an expense in the period that related employee services are received.

**Other long –term employee benefits**

The enterprise accrues annual leave and severance payment using the projected unit credit method.

Management estimates the obligation annually with the assistance of actuarial estimates. This is based on standard rates of inflation, salary growth rate and mortality.

**Short –term employee benefits**

Short –term employee benefits, including bonus are current liabilities include in pension and other employee obligation, measured at the undiscounted amount that the company expects to pay as a result of the unused entitlement.

**6.23 Provisions, contingent assets and contingent liabilities**

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognized when the enterprise has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the company and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

Where there is a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class obligation as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the company is virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognized if an outflow of economic resources as a result of present obligation is not probable. Such situation is disclosed as contingent liabilities unless the outflow of resources is remote.

**Educational Materials Production and Distribution Enterprise**  
**Notes to the Financial Statements**  
**For the year ended July 07, 2024**

**7. Significant management judgment in applying accounting policies and estimation uncertainty**

When preparing the financial statement, management makes a number of judgments, estimates and assumption about the recognition and measurement of assets, liabilities, income and expenses.

**7.1 significant management judgments**

The following are the judgments made by management in applying the accounting policies of the company that have the most significant effect on the financial statements

**7.2 Recognition of deferred tax assets**

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences an tax loss carry –forwards can be utilized in addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

**7.3 Estimation**

Information about estimates and assumption that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

**7.4 Impairment of non-financial assets**

In assessing impairment, management estimates the recoverable amount of each asset or cash generation unit based on expected future cash flows and uses an interest rate to discount them.

**8. Useful lives of depreciable assets**

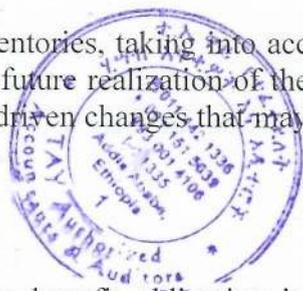
Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

**9. Inventories**

Management estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market- driven changes that may reduce future selling prices.

**10. Other long –term employee benefit obligation**

Management’s estimate of other long –term employee benefit obligation includes annual leave and severance pay obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases.



**Educational Materials Production and Distribution Enterprise**  
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Variation in this assumption may significantly impact the obligation amount and the annual benefit expense

**11. Fair value measurement**

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumption consistent with how market participants would price the instrument. Management bases its assumption on observable data as far as possible, but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.



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**12. Property, Plant and Equipment**

	ROU Land	Land Improvement	Building	Machinery	Office Furniture	Workshop Equipment	Vehicles	Computer and Accessories	Other	Construction in Progress	Total
BBF 08 July 2023	46,676,889	5,660,548	112,356,194	131,389,837	916,161	3,663,093	42,882,583	8,206,028	1,941,288	13,525,623	367,218,243
Addition	-	21,974,760	10,771,850	1,034,713	83,478	-	-	4,444,332	-	5,407,800	43,716,934
Disposals (Adjustments)	-	13,520,343	-	-	-	-	-	-	-	(13,520,343)	-
BCF .07 July 2024	46,676,889	41,155,651	123,128,044	132,424,550	999,639	3,663,093	42,882,583	12,650,361	1,941,288	5,413,080	410,935,177
<b>Accumulated Depreciation</b>											
BBF 08 July 2023	-	1,569,104	13,265,488	36,920,621	347,647	2,088,495	15,944,761	1,982,518	702,601	-	72,821,235
Depreciation	-	224,158	2,007,159	5,888,908	58,088	(190,463)	2,483,058	711,850	48,734	-	11,231,493
Reversal of Impairment Loss	-	-	-	-	-	-	-	-	-	-	-
Impairment Loss	-	-	-	-	-	-	-	-	-	-	-
DISPOSAL	-	-	-	-	-	-	-	-	-	-	-
BCF .07 July 2024	-	1,793,262	15,272,647	42,809,530	405,735	1,898,032	18,427,819	2,694,368	751,335	5,413,080	84,052,728
NET BOOK VALUE, SENE 30,2015	46,676,889	39,362,389	107,855,396	89,615,021	593,904	1,765,061	24,454,764	9,955,992	1,189,953	5,413,080	326,882,449





Educational Materials Production and Distribution Enterprise  
Notes to Financial Statement  
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17. Trade and Other Payable

		<b>ETB</b> <b>2023</b>
Trade Creditors	34,660,814	44,999,017
Sundry Creditors	4,709,890	2,330,624
Accrued Liabilities	81,039,202	64,813,067
ERCA PENALITY		
Income Tax	3,633,852	1,939,812
Pension Payable	1,765,201	975,223
Withholding Taxes Payable	1,977,867	1,618,328
	<u>127,786,825</u>	<u>116,676,071</u>

17(a) Severance Pay

EMPDE has an unfunded severance pay plan for its employees in-line with the Ethiopian labor law # 377/03 and its subsequent amendment # 494/06. The vesting condition for the benefit is for an employee to serve for five years and above and be below the retirement age. The eventual settlement of severance is determined in reference to years of service to the enterprise and based on the final salary of the employee (30 days salary for the first year of service and 1/3 of the final salary for the remaining period the employees is entitled for the benefit).

Severance Payable	5,543,456.23	<b>ETB</b> <b>2023</b> 5,345,099.23
		5,345,099.23

18. State Dividend Payable

		<b>ETB</b> <b>2023</b>
State Dividend Payable	424,441,948	357,648,909
Adjustment Addition	28,583,925	-
Adjustment Diduction	(4,285,753)	-
Adjustment Diduction	(267,343,970)	-
State Dividend Paid	(181,396,152)	(90,304,939)
Current year portion	200,457,333	157,097,978
	<u>200,457,331</u>	<u>424,441,948</u>

The balance represents 70% of net profit after tax and other expense payable to the government in accordance with the Proclamation No 25/1984 and Directive No.02/2012

19. Industrial Development Fund Payable

		<b>ETB</b> <b>2023</b>
Industrial Development Fund Payable	343,398,942	238,666,957
Adjustment Diduction	(28,019,747)	-
Adjustment Addition	1,600,620	-
Current year portion	85,910,286	104,731,985
	<u>402,890,100</u>	<u>343,398,942</u>

The balance represents 30% of net profit after tax and other expense

20. State Dividend Payable Long term

State Dividend Payable Long term	<u>267,343,970.17</u>
	<u>267,343,970.17</u>

**EDUCATIONAL MATERIALS PRODUCTION AND DISTRIBUTION ENTERPRISE**  
**NOTES TO FINANCIAL STATEMENTS**  
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20 (A)	2024	ETB 2023
Accounting Profit Before Tax	417,868,488	389,371,081
Less: Investment Income Taxed at Source		
Add: Unallowable Expenses for Tax Purpose		
Penalty	2,563,194	434,093
Entertainment	2,924,983	1,237,373
Expected Credit Loss	4,164,468	464,175
Provision for Stock Obsolesce	1,322,286	-
Accrued Annual Leave	9,905,389	757,794
Accrued Severance Pay	664,000	300,000
Depreciation Per Enterprise's Policy Note 12(B)	11,231,493	11,572,652
<b>Total Un-Allowed Expenses</b>	<b>32,775,812</b>	<b>14,766,087</b>
Less: Depreciation as per Tax Proclamation(Note 20 d)	(12,308,068)	(13,666,773)
Adjusted Taxable Profit	438,336,232	390,470,396
<b>Current Tax Expense at 30%</b>	<b>131,500,870</b>	<b>117,141,119</b>
<b>20 (B) Current Income tax Payable</b>		
Opening Balance	101,399,933	54,979,704
Less: Settlement during the year	(101,399,933)	(54,979,704)
Current income tax expense (Note 20 (A))	131,500,870	117,141,119
Withholding Tax Receivable	(23,583,978)	(15,741,186)
<b>Current Tax Payable at year end</b>	<b>107,916,892</b>	<b>101,399,933</b>



**EDUCATIONAL MATERIALS PRODUCTION AND DISTRIBUTION ENTERPRISE  
 NOTES TO FINANCIAL STATEMENTS  
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**Note 20(d)  
 Deminishing Method**

	<u>Building @5%</u>	<u>Computers &amp; Accessories @20 %</u>	<u>Other PPE @ 15%</u>	<u>Total</u>
Depreciation Base Beginning	-	218,187.00	6,312,459.26	6,530,646.26
Current Year Capital Allowance	-	(43,637.40)	(946,868.89)	(990,506.29)
Depreciation Base Carried Forward	-	<u>174,549.60</u>	<u>5,365,590.37</u>	<u>5,540,139.97</u>

**Straight Line Method**

	<u>Building @5%</u>	<u>Computers &amp; Accessories &amp; Motor V. @20 %</u>	<u>Other PPE @15%</u>	<u>Total</u>
Depreciation Base Beginning	43,882,937.45	10,223,069	45,458,017.57	99,564,024.02
Current Year Capital Allowance on the old assets	(2,194,146.87)	(2,044,613.80)	(6,818,702.64)	(11,057,463.31)
Additions	46,266,952.56	4,527,810.75	1,034,712.25	51,829,475.56
Current Year Capital Allowance on new assets	-	(171,853.94)	(88,244.82)	(260,098.76)
Depreciation Base Carried Forward	<u>87,955,743.14</u>	<u>10,223,069.34</u>	<u>45,458,017.57</u>	<u>99,564,024.36</u>
<b>Total Capital Allowance for the year</b>				<u><u>(12,308,068.36)</u></u>



**EDUCATIONAL MATERIALS PRODUCTION AND DISTRIBUTION ENTERPRISE  
 NOTEES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JULY 7,2024**

**21.DEFERRED TAX**

**ELEMENT OF STATEMENT OF FINAC CARRYING AMOUNT**

	IFRS	TAX	DIFFERNCE
PPE Excluding Land	274,792,480.14	105,104,164.33	169,688,315.81
Inventory	540,754,299.89	550,119,286.29	(9,364,986.40)
Trade And Other Receivable	315,623,439.83	323,089,576.38	(7,466,136.55)
Cash	224,165,209.13	224,165,209.13	-
			-
Trade And Other Payable	127,786,824.86	122,243,368.63	(5,543,456.23)
Net Temporary Difference	-	-	147,313,736.63
Deferred Tax Liability at Enacted 30% Of Tax Rate	-	-	44,194,120.99
Ledger Balance on the Beg.	-	-	(32,898,614.58)
Difference	-	-	<u>11,295,506.41</u>







Educational Materials Production and Distribution Enterprise  
Notes to Financial Statement  
For the year ended July 07,2024

27. Selling and Distribution Expense

	2024	ETB 2023
Salaries and related benefits	15,227,091	12,201,742
Rent	256,899	234,000
Depreciation	1,526,211	1,660,280
Printing and stationery	859,958	129,729
Fuel and lubricants	754,025	3,494,333
Bank Charge	870	51,180
Repair and maintenance	11,559	144,998
Communication	46,623	22,327
Travel and per-diem	282,383	1,228,465
Utilities	92,093	919
Loading and Unloading Fee	128,671	869,118
Advertising and Promotion	131,327	70,350
Entertainment	460,923	147,402
Insurance (Property)	210,575	-
License And Legal Fee	6,804	22,937
Miscellaneous	26,387	144,595
	<u>20,022,397</u>	<u>20,422,376</u>



**Educational Materials Production and Distribution Enterprise**  
**Notes to Financial Statement**  
**For the year ended July 07,2024**

**28.General and Administrative Expense**

	2024	ETB 2023
Salaries and related benefits	74,372,577	58,149,298
Depreciation	3,172,628	2,847,923
Fuel and lubricants	6,150,904	7,856,942
Repair and maintenance	1,027,079	778,868
Printing and stationary	1,905,721	1,415,024
Entertainments	2,392,210	1,037,199
License and Legal Fee	4,855,777	99,892
Insurance	-	149,901
Communication	706,061	787,810
Utilities	1,388,760	758,766
Advertising and promotion	82,167	158,721
Outsource	2,346,207	1,693,027
Travel and per-diem	643,357	383,275
Loading and Unloading Fee	46,101	29,287
Other Overhead	4,771,494	3,932,815
Miscellaneous	463,071	115,767
Audit Fee	80,000	113,014
Board Member Allowance	505,000	242,000
donation	2,765,733	4,322,099
Accrued Annual Leave Expense		
Accrued Severance Expense		
Bad Debts Expense	4,164,468	464,175
Provision For Stock obsolescent	1,322,286	-
Training & Consultancy Fee	493,460	437,500
Penalty	2,210,683	-
<b>TOTAL</b>	<b>115,865,745</b>	<b>85,767,304</b>

**29. Finance Cost**

		ETB 2023
Overdraft Expense	392,083	455,846
Bank Charge	1,324,936	642,438
	<b>1,717,019</b>	<b>1,098,283</b>

**30. Other expense**

**Gebeta Itiwuld**

31. These financial statements, for the year ended July 07,2024 (Sene 30,2016), are the enterprise has prepared in accordance with IFRS.

