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AUDIT SERVICE CORPORATION

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ETHIOPIAN POSTAL SERVICE ENTERPRISE

INDEPENDENT AUDITOR'S REPORT

AND

FINANCIAL STATEMENTS

30 SENE 2016

ETHIOPIAN POSTAL SERVICE ENTERPRISE
REPORTS AND ANNUAL FINANCIAL STATEMENTS
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FOR THE YEAR ENDED JULY 30, 2024

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The management are responsible for the preparation and fair presentation of the annual financial statements as of 7 July 2024 and the Enterprising notes to the statement which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS), the requirements of the Accounting and Auditing Board of Ethiopia (AABE), and legal requirements of the country. The management are also responsible for such internal control as the management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management. The management have made an assessment of the ability of the Enterprise to continue as a going concern and have no reason to believe that the business will not be going concern in the year ahead. The annual financial statements have accordingly been prepared on this basis. When management is aware of material uncertainties relating to events or conditions which may cast significant doubt upon the Enterprise's ability to continue as a going concern, those uncertainties shall be disclosed.

Incorporation and address

Ethiopian Postal Service (Ethiopost) is the national designated postal operator which has been operational since 1894. The enterprise was established as a public enterprise under Council of Ministers Regulations No. 165/2009.

The Enterprise's address is as below :

Ethiopian Postal Service Enterprise Headquarter
 Churchill Road
 P.O. Box 5555
 Addis Ababa, Ethiopia
 Tel. +251115155886
 web: www.ethiopost.et



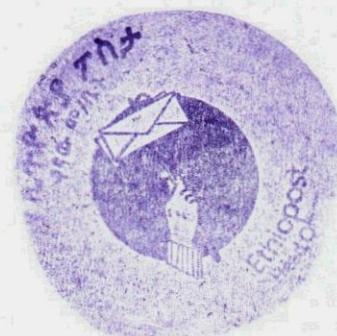
Principal activities

The enterprise's primary activity is providing postal service including letter, parcel and EMS services in its over 700 branches. In addition, it has ventured into new areas over the past years and provides agency services, transport and logistics services as well as sales of telecom goods.

Results

The Enterprise's results for the year ended 30 Sene 2016 are set out on page 7. The summarised results are presented below.

	30 Sene 2016	30 Sene 2015
	Birr	Birr
Revenue/Income	1,464,192,652	1,173,562,601
Profit before tax	221,696,130	199,675,014
	138,901,869	139,735,626
Total comprehensive income for the year	138,901,869	139,735,626



The management issued this report are set out on page 3.

Dagmawi Hailiye
 Chief Executive officer

Alemsegn Yehiun
 Chief Finance officer

**ETHIOPIAN POSTAL SERVICE ENTERPRISE
REPORTS AND ANNUAL FINANCIAL STATEMENTS
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES**

The financial reporting proclamation 847/2014 requires the Enterprise to prepare financial statements that represent the state of affairs of the Enterprise at the end of the financial year and the operating results of the Enterprise for that year by using International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ("IASB").

The Management is responsible for the preparation and presentation of these financial statements that give useful information about the financial position of the Enterprise at the reporting date and of its comprehensive income in the manner required by the IFRS, 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. The responsibilities include;

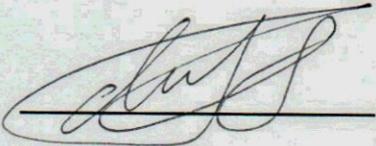
- a) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to error or fraud;
- b) selecting suitable accounting policies supported by reasonable and prudent judgments and estimates, that are consistently applied; and
- c) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Enterprise.

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

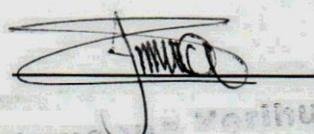
The management is of the opinion that the financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

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

Signed on behalf of the Management by:



Dagmawi Hailiye
Chief Executive officer



Alemayehu Werihun
Chief Finance Officer



**INDEPENDENT AUDITOR'S REPORT TO THE
SUPERVISING AUTHORITY OF
ETHIOPIAN POSTAL SERVICE ENTERPRISE**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ethiopian Postal Service Enterprise, which comprise the statements of financial position as at 30 Sene 2016, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

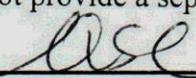
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Enterprise as at 30 Sene 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis 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 Entity 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 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.

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. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



**INDEPENDENT AUDITOR'S REPORT TO
THE SUPERVISING AUTHORITY OF
ETHIOPIAN POSTAL SERVICE ENTERPRISE (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 these financial statements in accordance with IFRS's 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 has no realistic alternative but to do so.

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

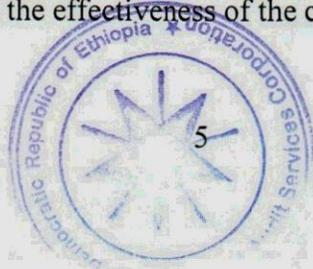
Auditors' Responsibilities for the Audit of the Financial Statements

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.

Base



**INDEPENDENT AUDITOR'S REPORT TO THE
SUPERVISING AUTHORITY OF
ETHIOPIAN POSTAL SERVICE ENTERPRISE (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 enterprise 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.

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



**INDEPENDENT AUDITOR'S REPORT TO
THE SUPERVISING AUTHORITY OF
ETHIOPIAN POSTAL SERVICE ENTERPRISE (continued)**

Report on the Audit of the Financial Statements (continued)

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 pages 1, 2 and 3 of 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.

14 April 2025

Audit Service Corporation



ETHIOPIAN POSTAL SERVICE ENTERPRISE
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED July 7,2024

	Notes	July 7 2024 Birr	July 7 2023 Birr
Revenue from contracts with customers	17	1,464,192,652	1,173,562,601
Direct costs	18a	(606,963,755)	(438,592,325)
Gross profit		857,228,897	734,970,276
Operating expenses	18b	(681,995,606)	(578,870,877)
Other operating Income (expense)	19	96,617,910	65,732,781
Earning before interest, tax, depreciation & amortization(EBITDA)		271,851,201	221,832,179
Depreciation & amortization	12-14	(53,082,570)	(37,253,544)
Earning before interest and tax(EBIT)		218,768,631	184,578,635
Finance income/(cost)-net	20	2,927,500	15,096,379
Profit before income tax		221,696,131	199,675,014
Income tax expense/income	37	(82,794,261)	(59,939,388)
Profit after tax		138,901,869	139,735,627
Total comprehensive income for the period		138,901,869	139,735,627



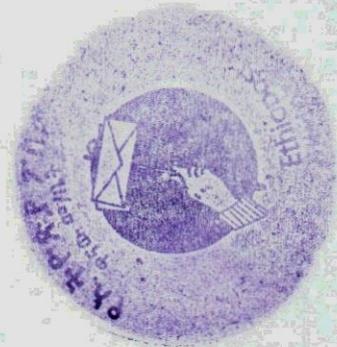
**ETHIOPIAN POSTAL SERVICE ENTERPRISE
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED July 7,2024**

	Notes	July 7,2024 <u>Birr</u>	Restated July 7,2023 <u>Birr</u>
Assets			
Non-Current Assets			
Property Plant and Equipment	21	888,060,034	660,360,005
Investment Property	22	357,039,641	335,958,183
Intangible Asset	24	10,482,978	14,202,171
Right of Use Asset	23	1,343,746	1,358,675
Deferred Tax asset	28	38,243,920	38,973,676
		<u>1,295,170,318</u>	<u>1,050,852,710</u>
Current Assets			
Inventories	25	104,687,032	123,395,598
Trade and other receivables	26.1	383,844,264	352,639,632
Sundry receivable	26	137,972,265	89,800,414
Other assets	26	26,072,357	27,686,273
Cash and cash equivalents	28	259,862,715	294,658,859
		<u>912,438,633</u>	<u>888,180,777</u>
Total Assets		<u>2,207,608,951</u>	<u>1,939,033,487</u>
Liabilities and Equity			
Non-Current Liabilities			
Defined benefit liability	32	42,655,877	45,134,977
Deferred tax liability	33	121,189,557	97,999,003
Trade and other payables	34	869,078,530	800,892,958
Lease Liability	35	1,361,463	1,279,429
Grants	36	4,256,504	5,516,042
Retention Payable	34.2	19,797,868	15,631,474
		<u>1,058,339,800</u>	<u>966,453,885</u>
Current Liabilities			
Dividend payable	34.1	132,661,226	94,219,795
Loan Payable	34.3	85,226,929	
Taxa and Other Payables	34.4.1	30,656,412	31,275,794
Accrued annual leave	34.4.3	28,625,451	15,796,246
Lease Liability	35	84,555	84,555
Current income tax liability	37	55,519,170	58,466,834
		<u>332,773,742</u>	<u>199,843,224</u>
Total Liabilities		<u>1,391,113,542</u>	<u>1,166,297,109</u>
Equity			
Paid up capital	34	109,097,601	109,097,601
Legal reserve	35	21,819,520	21,639,450
Revaluation reserve	36	247,947,566	247,947,566
Retained earnings	37	437,630,722	394,051,761
Total Equity		<u>816,495,409</u>	<u>772,736,378</u>
Total Equities and Liabilities		<u>2,207,608,951</u>	<u>1,939,033,487</u>



**ETHIOPIAN POSTAL SERVICE ENTERPRISE
STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED July 7, 2024**

	Paid Up Capital		Legal Reserve		Revaluation Reserve		Retained Earnings		Total Equity	
	Birr		Birr		Birr		Birr		Birr	
Balance as at July 8 2022	109,097,601		18,013,986		247,947,566		270,530,713		645,589,866	
Profit of the year							141,644,158		141,644,158	
Reversal for understatement of RE recognition of deferred tax asset/liab							47,116,762		47,116,762.00	
Dividend							34,513,968.17			
Transfer to legal reserve			3,625,464				(94,219,975.00)		(94,219,975.00)	
Balance as at July 7, 2023 (As restated)	109,097,601		21,639,450		247,947,566		395,960,161		740,130,810	
Balance as at July 8 2023	109,097,601		21,639,450		247,947,566		395,960,161		740,130,810	
Profit of the year							138,901,869		138,901,869	
Dividend							(97,051,238)		(97,051,238)	
Transfer to legal reserve			180,070				(180,070)			
Balance as at July 7, 2024	109,097,601		21,819,520		247,947,566		437,630,722		781,981,441	



ETHIOPIAN POSTAL SERVICE ENTERPRISE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30,2024

	2024	2023
	<u>ETB</u>	<u>ETB</u>
Cash flows from operating activities		
Profit before tax	221,696,130	199,675,014
Depreciation and Amortization	39,785,081	36,295,751
Employee Benefit	10,350,105	(27,245,704)
Expected Credit Loss		16,822,457
Gain or loss from sales of vehicle	(22,954,548)	
reversal for understatement of RE		47,116,762
	248,877,763	272,664,281
Movements in working capital		
Change in stock	18,708,566	(49,083,816)
Change in debtors for the year	(77,762,567)	(73,463,976)
Gnat and Retaintion Payable	2,906,856	
Change in creditors for the year	69,474,720	(40,696,986)
	13,327,576	(163,244,777)
Net Cash in flows operating activities	262,205,338	109,419,503
With Holding Tax paid	(3,354,783)	
Income tax Paid	(58,466,834)	(48,042,676)
	200,383,722	61,376,827
Cash flows from investing activities		
Disposal of PPE	22,954,847	19,755,533
Purchase of Property, Plant & Equipment	(284,833,868)	(168,758,639)
Net Cash out flows investing activities	(261,879,022)	(149,003,106)
Cash flows from Financing activities		
State Dividend Paid	(58,609,807)	(3,000,000)
Lease	82,035	
Loan payable	85,226,929	
Net Cash out/in flow financing activities	26,699,156	(3,000,000)
Net increase in cash and cash equivalents	(34,796,144)	(90,626,279)
Begning cash and cash equivalent	294,658,859	385,285,141
Cash and cash equivalents at the end of the year	259,862,715	294,658,859



ETHIOPIAN POSTAL SERVICE ENTERPRISE
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED July 7, 2024



1 General information

Ethiopian Postal Service Enterprise was established on March 9, 1894 by Emperor Minilik II prior to the introduction of telephone, a vital means of exchange information, first for political and administrative purposes and later for public correspondence. The proclamation providing the establishment of the enterprise as Ethiopian Postal Service Enterprise is Proclamation No. 240/1966, which laid the administration of infrastructure for the improvement, expansion and modernization of the postal system,

under the proclamation, the post office was organized as an independent department of the Ministry of Posts, Telegraphs and Telephones. The Enterprise was re-established as a public enterprise in the 2001 Ethiopian Calendar and it is governed by Public Enterprise Proclamation No. 25/1984.

Henceforth, upon its establishment, the enterprise has the right to operate the transport of postal articles and the performance of all services incidental thereto, including without limitation receiving, collecting, dispatching and delivering postal articles, the acceptance and remittance of limited sums of money by means of postal order, the management and control of postal packets and parcels, the maintenance and operation of philatelic and related services as well as carrying out agency services.

The enterprise is located around Biherawi Theater, in front of Ethio-Cuban Park, Addis Ababa, Ethiopia. It manages various operations located at both Addis Ababa and across different corners of the country.



2 Summary of Material accounting policies

2.1 Introduction to summary of Material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Additional information required by the Commercial Code of Ethiopia 1243/2022 are included where appropriate.

2.2 Basis of preparation

The financial statements for the year ended July 7, 2024 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standard Board ("IASB"). Additional information required by national regulations are included where appropriate.

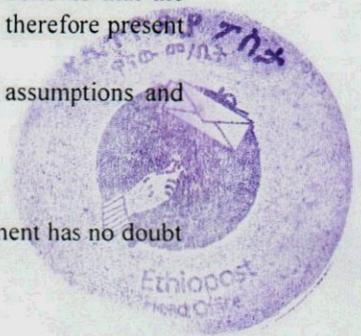
The financial statements comprise: Statements of financial position, Statement of profit or loss and other comprehensive income, Statement of changes in equity, Statement of cash flows and Notes to

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the enterprise's accounting policies. Changes in assumptions may have a material impact on the financial statements in the period the assumptions changed. The management believes that the underlying assumptions are appropriate and that the enterprise's financial statements therefore present the financial position and results fairly.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are material to the financial statements, are disclosed in note 3.

2.2.1 Going concern

The financial statements have been prepared on a going concern basis. The Management has no doubt that the enterprise would remain in existence for the next 12 months.



ETHIOPIAN POSTAL SERVICE ENTERPRISE
NOTES TO THE FINANACIAL STATEMENT
FOR THE YEAR ENDED July 7,2024

2.3 **Presentation and Functional Currency**

The financial statements of postal service enterprise is presented in ETB, which is also the functional currency of the enterprise.

3 **NEW STANDARDS, AMENDMENTS, INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 30 June 2022. The details of the new standards/Amendments along with their effect on the financial statement of the Enterprise are listed below.

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. It is applicable to annual reporting periods beginning on or after 1 January 2024.

IFRS S2 Climate-related Disclosures

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. It is Applicable to annual reporting periods beginning on or after 1 January 2024.

Presentation and Disclosures in Financial Statements

IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. It is Applicable to annual reporting periods beginning on or after 1 January 2027.

4 **Material accounting judgments, estimates and assumptions**

4.1 **Estimates and assumptions**

The preparation of the enterprise's financial statement requires management to make judgments, estimates and assumptions that affect the reported amounts of elements of the statement and the acenterpriseing 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

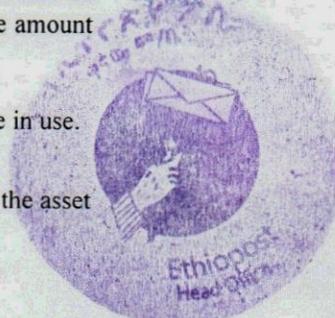
In the process of applying the enterprise's accounting policies, management has made the following judgments, which have the most material effect on the amounts recognised in the financial statements:

3.1.1 **Impairment of non-financial assets**

The Enterprise assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Enterprise estimates the recoverable amount of the asset.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is Jess than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.



**ETHIOPIAN POSTAL SERVICE ENTERPRISE
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED July 7, 2024**

An impairment loss of assets carried at cost less any accumulated depreciation or amortization is recognized immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognized in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortization is recognized immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

3.1.2 Depreciation and carrying value of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgment. 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.

3.1.3 Employee benefits

The enterprise has an employee benefit scheme which follows the Labor Proclamation No. 1156/2019 in which it effects severance pay for those employees who voluntarily leaves the enterprise after 5 and plus years of service. The payment made is based on employees' final salary. Liability in relation to severance pay is calculated using estimates to provide a reliable approximation of the liability incurred.

The enterprise recognizes a liability and an expense for bonuses based on the decision of the board of directors. The enterprise recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

The enterprise also accounts for annual leaves by providing in full for all unused leaves.

The enterprise has a defined post-employment scheme in line with the provisions of Ethiopian pension proclamation. Funding under the scheme is 7% and 11% by employees and the enterprise 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 are payable to employees as per proclamation 715/2011 when employment is terminated by the enterprise before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The enterprise recognises 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.

The enterprise uses estimates, averages and computational short cuts to provide a reliable approximation of the liability incurred in relation to severance pay. The enterprise uses five years trend to come up with average figures t and estimate severance pay obligation.



**ETHIOPIAN POSTAL SERVICE ENTERPRISE
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED July 7, 2024**

3.1.4 PROVISIONS

Provisions are recognized when the enterprise 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 enterprise 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.

5 Summary of accounting summary

5.1 Revenue

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

For all other operating activities, the enterprise recognize revenue at a point in time which is the point where the enterprise transfers the control of the Goods/services to its customers.

The principle that the enterprise recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or service. The enterprise recognizes revenue in by applying the following steps:

- Step1: Identify the contract(s) with a customer.
- Step2: Identify the performance obligation in the contract.
- Step3: Determine the transaction price.
- Step4: Allocate the transaction price to the performance obligation in the contact.
- Step5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Expenses are recognized when incurred regardless of payment of cash.

When (or as) a performance obligation is satisfied, the Enterprise recognize as revenue the amount of the transaction price that is allocated to that performance obligation.

The Enterprise principally generates revenue from providing postal services (i.e letter, parcel & EMS), sales of telecom products & postal related items, transport & logistics services, rental of buildings and agency services.

The Enterprise derives revenue from the transfer of goods and services over time and at a point in time in the following major service and product lines:



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Products and Services	Nature and Timing of Recognition
Parcel/EMS service revenue	Parcel/EMS service refers to courier service. Revenue from such services is recognized at a point in time when the items are sent to its destination. The time of delivery is based on the Enterprise's mail delivery performance statistics.
International mailing service revenue	Terminal dues are amounts due to the Enterprise for mail received from foreign postal administrators whose destination is Ethiopia. Transit dues are amounts due from international postal administrators for international mail which passes through the Enterprise in transit to its destination out of Ethiopia. Revenue from terminal and transit dues is recognized once the mail has been delivered to its destination in the case of terminal dues, and once it has been sent off to its next stop with regard to the latter. The time of delivery is based on the Enterprise's mail delivery performance statistics.
Transport & Logistics service	The enterprise recognizes revenue from transport & logistics when the service are provided.
Sales of postage stamp/postage meter/franking machine	For letter services, the Enterprise sells postage stamp/postage meter/franking machine to customers in advance, thus, customers use it to send mails. As per the Enterprise's performance statistics, customers use the postage stamp/postage meter/franking machine within the week of purchase. As no expiry date is given for sold stamps and most customers use it within the week of purchase, the Enterprise recognizes all stamp sales as an income upfront.
Sales from Postal related products	The revenue from sale of postal related products such as carton, flyer envelop, philatelic stamp are recognized at a point in time when the promised goods are delivered to the customer.
Sale of Telecom products	The enterprise recognizes revenue from sales of telecom products such as SIM, Voucher card and handset when such goods are delivered to the customer.
Postal box rental	These are amounts paid by customers for the rental of private post boxes. The key deposit amount is recognized as a non - refund liability because it is not refundable upon cancellation by the customer. Revenue is recognized on an accrual basis over time through the rented period. Box revenue also include the sale of locks which is recognized at a point in time when keys are transferred to customers.
House rental	These are amounts paid by customers for the rental of the enterprise's buildings. Revenue is recognized on an accrual basis over time through the rented period.
Agency revenue /Commission income	Agency revenue is commission due to the Enterprise for collecting money on behalf of third parties, sale of products on behalf of third parties or due to paying money on behalf of third parties. Revenue from rendering of agency services is recognized at a point in time when the enterprise rendered the required service or sold consignment goods.



4.1 Finance Income and expenses

For cash at bank, short and medium term loans measured at amortized cost, interest income or expense is recorded using the Effective Interest rate which is usually the contractual rate. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the Effective Interest Rate (EIR), but not future credit losses.

In most cases, the contractual and effective interest rates are similar as the financial assets/liabilities are redeemed without any discount/premium and initial up-front fees of purchasing the financial assets/liabilities are insignificant.

4.2 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 recognised in the income statement.

4.3 GAINS AND LOSSES ON SALE

Net gains on sale of items of PPE are presented in profit or loss as other income. Net losses on sale are included in depreciation. Net gains and losses are recognized in profit or loss when the material 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 PPE.

FINANCIAL INSTRUMENTS - INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

5.1 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 receivables are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the enterprise commits to purchase or sell the asset. Trade receivables are recognized at their transaction price.

5.1.1 SUBSEQUENT MEASUREMENT

• AT AMORTIZED COST

The basis of classification depends on the enterprise's business model and the contractual cash flow characteristics of financial assets. All current financial assets the enterprise has are classified under amortized cost. The enterprise Adopts the expected credit losses model of IFRS 9.

The enterprise uses amortized cost to measure its financial assets along with providing for impairment allowance as per the requirement of IFRS 9. The enterprise measures the loss allowance using the simplified approach in IFRS 9, it is a method for calculating expected credit losses (ECLs) for trade receivables, contract assets, and lease receivables. expected credit losses using provision matrix. The provision matrix is calculated using historical loss data.



5.1.2 FINANCIAL ASSETS CARRIED AT AMORTIZED COST

The enterprise uses amortized cost to measure its financial assets along with providing for impairment allowance as per the requirement of IFRS 9. For trade receivables, the Enterprise applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

5.2 FINANCIAL LIABILITIES

5.2.1 INITIAL 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 enterprise are measured at amortized cost. The fair values of trade payables of the enterprise are similar with their transaction price.

5.1.2 OFFSETTING OF FINANCIAL INSTRUMENT

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Company has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legal enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the Company or the counterparty.

5.3 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 payable within three months.

6 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 material parts of property, plant and equipment are required to be replaced at intervals, the enterprise recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognized in income statement 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:



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Item	Depreciation method	Useful life
Free hold land	Indefinite	Not applicable
Building*	Straight line method	5-50 years
Office Furniture and Other Equipment	Straight line method	2-20 years
Motor Vehicles	Straight line method	8-12 years
Computers and Other IT Equipments	Straight line method	5-8 years
Motorcycles and Bicycles	Straight line method	3-8 years
Infrastructures & Roads	Straight line method	5-8 years

*The useful life of building varies depending on its type and condition. Service houses, parking facilities, lamera houses and old buildings are considered to have a lower year of service(i.e. less than 10 years).

The enterprise commences depreciation when the asset is available for use. Free hold 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 material 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



7 INVESTEMENT PROPERTY

The Enterprise owns buildings for rental or capital appreciation which qualifies as an investment property.

The Enterprise's investment property (i.e buildings) is recognized as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

The Enterprise initially recognizes investment property at cost which comprises its purchase price and any directly attributable expenditure.

Subsequent to initial measurement, the Enterprise accounts investment property with cost model.

Depreciation is calculated using the straight-line method to allocate their cost less residual values over their estimated useful lives. Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognized.

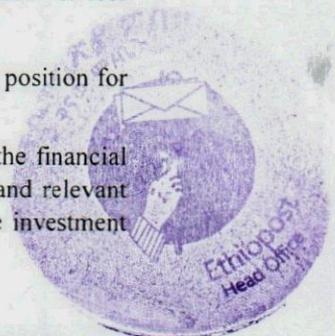
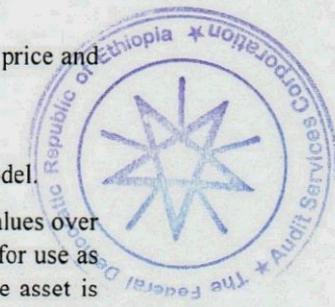
The useful life of investment property is estimated to be from 5 years to 50 years depending on the type of buildings and its condition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Enterprise used fair value as deemed cost in its opening IFRS statement of financial position for investment property.

The extent to which the fair value of investment property (as measured or disclosed in the financial statements) is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.



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8 Intangible assets

The enterprise recognises intangible asset when :

It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset measured reliably

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization/ depreciation and accumulated impairment losses. Amortization/depreciation is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization/depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The Enterprise does not have intangible assets with indefinite useful lives.

An intangible asset arising from development (or from the development phase of an internal project) is recognized when:

It is technically feasible to complete the asset so that it will be available for use or sale;

There is an intention to complete and use or sell it;

There is an ability to use or sell it;

It will generate probable future economic benefits;

There are available technical, financial and other resources to complete the development and to use or sell the asset;and

The expenditure attributable to the asset during its development can be measured reliably.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognised.

The enterprise's Amortization/depreciation method and useful lives are stated as below:

Item	Depreciation method	Useful life
Software	Straight line method	5-10 years

9 OTHER ASSETS

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



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9.1 PREPAYMENT

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.

9.2 OTHER RECEIVABLES

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

10 Government grants

Government grants are recognized when there is reasonable assurance that;

- the Enterprise will comply with the conditions attaching to them; and
- the grants will be received.

These are included in subsidy received in advance until they are utilized.

Government grants are recognized as income over the periods necessary to match them with the related costs that they are intended to compensate for.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Enterprises recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Enterprise should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognized as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Grants related to income are deducted from the related expense.

11 EMPLOYEE BENEFITS

The enterprise has an employee benefit scheme which follows the Labor Proclamation No. 1156/2011. The enterprise recognizes a liability for short term benefits as employees render services. The enterprise accounts for annual leaves by providing in full for all unused leaves.

The enterprise has a defined post-employment scheme in line with the provisions of Ethiopian pension of private organization employee's proclamation 715/2011. Funding under the scheme is 7% and 11% by employees and the enterprise 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.

The enterprise effects severance payment as per the proclamation mentioned above for employees which leave the organization on will after five and plus years of experience. The enterprise treats the benefit scheme as other long term employee benefit. The enterprise uses estimates, averages and computational short cuts to provide a reliable approximation of the liability incurred on each year in relation to severance pay



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11.1 TERMINATION BENEFITS

Termination benefits are payable to employees as per proclamation 715/2011 when employment is terminated by the enterprise before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The enterprise 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.

12 LEASE

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

12.1 enterprise as a lessee

Leases that do not transfer to the enterprise substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term. Contingent rental payable is recognized as an expense in the period in which it is incurred.

12.2 enterprise as a lessor

Leases where the enterprise does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income is recorded as earned based on the contractual terms of the lease in Other operating income. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

13 INCOME TAXATION

13.1 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 adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

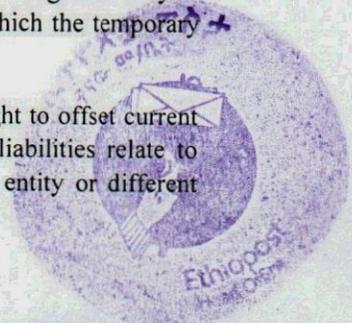
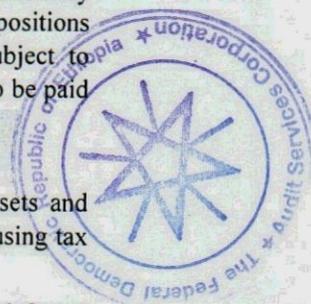
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Ethiopia. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid

13.2 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.



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14 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 depreciation charges and other non -cash items have been eliminated for the purpose of preparing this statement.

15 INVENTORIES

Inventories are measured at the Lower of Cost and Net Realisable Value. The enterprise writes down the values of obsolete inventories to nil which it no longer expects future economic benefit from. Inventories are presented net of impairment.

To value the cost of Inventories, the enterprise uses weighted average method. The enterprise uses projected selling price along with selling costs to measure NRV. Raw materials and work in progresses are not written off unless the NRV of the finished products are assessed to be lower than their cost. The list of inventories the enterprise has are listed below



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16 Financial risk management

16.1 Introduction

16.1.1 Risk measurement and reporting systems

The enterprise's risks are measured using methods that reflect both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical model. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks is primarily performed based on limits established by the Enterprise. These limits reflect the business strategy and market environment of the enterprise as well as the level of risk that the Enterprise is willing to accept, with additional emphasis on selected regions. In addition, the Enterprise measures and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

16.1.2 Risk mitigation

Enterprise uses various risk mitigating techniques to reduce its risk to the level acceptable. Risk controls and mitigants, identified and approved for the Enterprise, are documented for existing and new processes and systems.

The adequacy of these mitigants 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. These are subsequently reviewed as part of the review process.

16.2 Financial risk

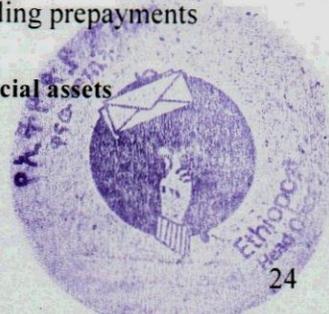
Financial instruments by category

The Enterprise's financial assets are classified into the following categories: at amortized cost, at fair value through P&L and at FV through OCI and the financial liabilities are classified into other liabilities at amortized cost.

Financial instruments are classified in the statement of financial position in accordance with their legal form and substance.

The Enterprise's classification of its financial assets is summarized in the table below:

	7-Jul-24	
	At fair value through profit or loss	At amortized cost
	ETB	ETB
Cash and balances with banks	-	259,862,715
Trade receivables	-	383,844,264
Other receivables excluding prepayments	-	38,322,032
Total financial assets	-	682,029,011



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7-Jul-23	<u>ETB</u>	<u>ETB</u>
Cash and balances with banks	-	294,658,859
Trade receivables	-	352,639,632
Other receivables excluding prepayments	-	530,078
Total financial assets	-	647,828,569
7-Jul-22		
Cash and balances with banks	-	385,285,140
Trade receivables	-	393,087,357
Other receivables excluding prepayments	-	123,431
Total financial assets	-	778,495,928



16 Financial risk management (continued)

16.3 Credit risk

The Enterprise has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Enterprise is exposed to credit risk is trade receivables.

16.3.1 Management of credit risk

The Enterprise manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or Companies of counterparty and to geographical and industry segments. Such risks are subject to regular review. Limits on the level of credit risk by category and territory are approved executive management.

The table below show the maximum exposure to credit risk for the Enterprise's financial assets. The maximum exposure is show gross before the effect of mitigation:

	<u>7-Jul-24</u>	<u>7-Jul-23</u>
	<u>ETB</u>	<u>ETB</u>
Cash and balances with banks	259,862,715	294,658,859
Trade receivables	383,844,264	352,639,632
Other receivables excluding prepayments	38,322,032	530,078
	682,029,011	647,828,569



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16.4 Credit risk

16.4.1 Credit quality analysis

(a) Credit quality of cash and cash equivalents

The credit quality of cash and bank balances and short-term investments that were neither past due nor impaired at as 07 July 2024 and 07 July 2023 are held in banks have been classified as non-rated as there are no credit rating agencies in Ethiopia.

16.4.2 Credit quality analysis

(b) Credit quality of Trade and other receivables

(i) Trade receivables and Other Financial Assets

The closing balances of the trade receivables and Other Financial Assets loss allowance based on collective assesment as at 07 July 2024 and 07 July 2023 reconciles with the trade receivables loss allowance opening balance as follows:

	ETB
Trade receivables and Other Financial Assets	455,222,671
Loss allowance based on collective assesment as at 7 July 2024 calculated under p IFRS 9 transition adjustments	12,782,625
Opening loss allowance at 08 July 2023	68,981,029
Loss allowance recognized during the year	(16,822,457)
Loss allowance as at 07 July 2022	52,158,572
Loss allowance recognized during the year	(7,831,733)
Loss allowance as at 07 July 2021	44,326,839



(ii) Allowance for impairment

The Enterprise establishes an allowance for impairment losses that represents its estimate of incurred and expected losses in its receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance, established for Companies of homogeneous assets in respect of losses that have been incurred and expected to incurred but have not been identified on receivables subject to assessment for impairment.

	7-Jul-2024	7-Jul-2023	7-Jul-2022
	ETB	ETB	ETB
Expected reversal /(loss)	12,782,625	(16,822,457)	(7,831,733)
	12,782,625	(16,822,457)	(7,831,733)

16.4.3 Credit concentrations

The Enterprise monitors concentrations of credit risk by sector, location and purpose. An analysis of concentrations of credit risk at 07 July 2023 and 07 July 2022. The Enterprise concentrates all its financial assets in Ethiopia.

7-Jul-2024	Public ETB	Private ETB	Total ETB
Cash and balances with banks	-	259,862,715	259,862,715
	-	259,862,715	259,862,715



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	Public ETB	Private ETB	Total ETB
7-Jul-2023			
Cash and balances with banks	-	294,658,859	294,658,859
	-	294,658,859	294,658,859
7-Jul-2022			
Cash and balances with banks	-	385,285,140	385,285,140
	-	385,285,140	385,285,140

16.5 Capital management

The Enterprise maintains an efficient capital structure of equity shareholders' funds, consistent with the Enterprise's risk profile and the regulatory and market requirements of its business.

The Enterprise's objectives in managing its capital are :

- to match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- to maintain financial strength to support new business growth;
- to satisfy the requirements of its policyholders, regulators and rating agencies;
- to retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- to allocate capital efficiently to support growth;
- to safeguard the Enterprise's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products commensurately with the level of risk.

An important aspect of the Enterprise's overall capital management process is the setting of target risk-adjusted rate of return which is aligned to performance objectives and ensures that the Enterprise is focused on the creation of value for shareholders.

IFRS 13 requires an entity to classify measured or disclosed fair values according to a hierarchy that reflects the significance of observable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, which comprises of three levels as described below, based on the lowest level input that is significant to the fair value measurement as a whole.



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16.6 Fair value of financial assets and liabilities

16.6.1 Valuation models

The Enterprise has no financial asset measured at fair value on subsequent recognition. During the three reporting periods covered by these annual financial statements, there were no movements between levels as a result of significant inputs to the fair valuation process becoming observable or unobservable. The Enterprise's trade and other receivables, which are categorized as Level 3, primarily include standard receivables where observable market data is not available. The fair value of these receivables is determined using discounted cash flow models. The significant unobservable inputs in the valuation include: Discount rates based on credit risk and expected future cash flows. Adjustments for credit risk of counterparties. Estimated timing of cash inflows. The Enterprise estimates that the fair value of these receivables approximates their carrying value after applying appropriate risk-adjusted discount rates.

16.6.1 Valuation models (Continued)

	07 July 2024	
	Carrying amount	Fair value
	ETB	ETB
Financial assets		
Cash and balances with banks	259,862,715	259,862,715
Trade receivables	383,844,264	383,844,264
Other receivables excluding prepayments	38,322,032	38,322,032
Total	682,029,011	682,029,011



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Financial liabilities

Trade payables	695,286,870	695,286,870
Borrowings	85,226,929	85,226,929
Other liabilities	117,647,083	117,647,083
Total	898,160,883	898,160,883

07 July 2023

	Carrying amount	Fair value
	ETB	ETB
Financial assets		
Cash and balances with banks	294,658,859	294,658,859
Trade receivables	352,639,632	352,639,632
Other receivables excluding prepayments	530,078	530,078
Total	647,828,569	647,828,569

Financial liabilities

Trade payables	695,286,870	780,513,799
Borrowings	85,226,929	-
Other liabilities	102,457,899	102,457,899
Total	882,971,699	882,971,699



**ETHIOPIAN POSTAL SERVICE ENTERPRISE
NOTES TO THE FINANACIAL STATEMENT
FOR THE YEAR ENDED July 7,2024**

16.6.3 Fair value methods and assumptions

Loans and receivables including trade receivables are carried at cost net of provision for impairment. The estimated fair value represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

16.6.4 Valuation technique using significant unobservable inputs – Level 3

The Enterprise has no financial asset measured at fair value on subsequent recognition.

16.6.5 Transfers between the fair value hierarchy categories

During the three reporting periods covered by these annual financial statements, there were no movements between levels as a result of significant inputs to the fair valuation process becoming observable or unobservable.

16.7 Offsetting financial assets and financial liabilities

There are no offsetting arrangements. Financial assets and liabilities are settled and disclosed on a gross basis.



ETHIOPIAN POSTAL SERVICE ENTERPRISE
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED July 7,2024

17 Revenue from contracts with customers

	July 7,2024	July 7, 2023
	<u>Total Birr</u>	<u>Total Birr</u>
The disaggregation of revenue based on timing and nature is as below :		
Overtime:		
Foreign mail service	26,398,917	65,585,340
Express mail service	808,953,827	613,928,616
Parcel service	189,727,524	133,958,885
Post box rental	27,923,803	29,824,711
Home to home delivery service	7,482	98,042
Letter & philately service	21,604,730	16,983,199
Transport & Logistics income	144,713,815	147,846,681
House rental income	89,477,094	61,320,851
Commission income-telecom products	128,404,031	53,667,918
Commission income-other services	26,981,428	50,348,358
	<u>1,464,192,652</u>	<u>1,173,562,601</u>



18 Expenses by nature

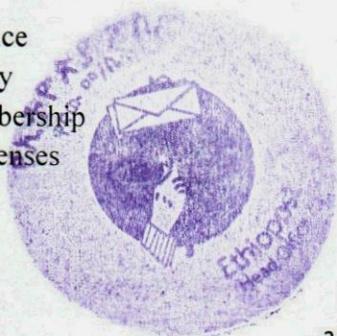
18a Direct costs

	July 7,2024	July 7, 2023
	<u>Total Birr</u>	<u>Total Birr</u>
Mail transportation	493,992,473	391,631,939
Cost of telecom products	-	-
Commission expense-telecom products	112,971,282	46,960,387
	<u>606,963,755</u>	<u>438,592,325</u>



18b Operating expenses

	July 7,2024	July 7, 2023
	<u>Birr</u>	<u>Birr</u>
Employee benefits expense	448,602,300	348,356,226
Transport & travelling	56,115,899	50,180,514
Rent	56,852,358	50,001,999
Utilities	7,844,957	8,352,964
Repair & Maintenance	19,026,232	15,998,660
Printing & Stationary	27,237,850	24,248,641
Advertising & Membership	47,762,794	47,135,917
Other operating expenses	18,553,216	34,595,956
	<u>681,995,606</u>	<u>578,870,877</u>



**ETHIOPIAN POSTAL SERVICE ENTERPRISE
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED July 7,2024**



Employee benefits expense

The following items are included within employee benefits expense:

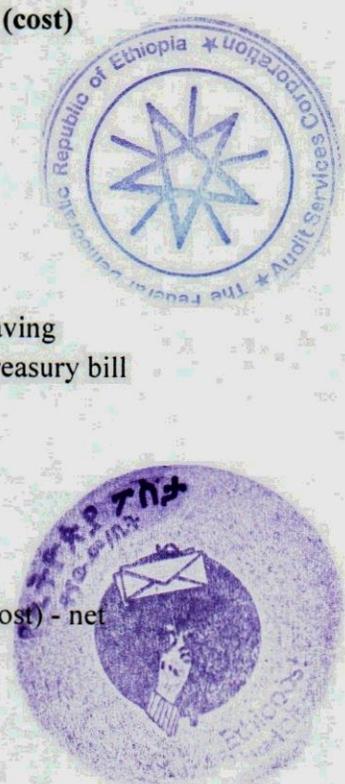
Salaries and wages	235,765,863	186,489,468
Allowances	129,060,041	107,782,968
Bonus	22,996,408	8,238,330
Annual Leave	16,745,879	5,876,614
Medical & life insurance	6,483,791	6,636,003
Employee defined contribution expense	25,028,580	19,752,369
Other staff benefits	12,521,738	13,580,476
	<u>448,602,300</u>	<u>348,356,226</u>

19 Other income (expense)

	July 7,2024	July 7, 2023
	Total	Total
	Birr	Birr
Gain/Loss from sale of property, plant and equipn	22,954,847	10,869,996
Deferred tax Incme		8,003,124
Gain/(loss) from foreign currency fluctuation	(3,030,729)	25,055,358
Income from NID	27,890	
Gain on Inventory Valuation		
Grant income	1,259,538	2,190,345
Sundry income	75,406,365	19,613,957
	<u>96,617,910</u>	<u>65,732,781</u>

20 Finance income / (cost)

	July 7,2024	July 7, 2023
	Total	Total
	Birr	Birr
Finance income		
Interest income-Saving	11,290,718	16,260,433
Interest income-Treasury bill	-	-
	<u>11,290,718</u>	<u>16,260,433</u>
Finance costs		
Interest expense	8,363,218	1,164,054
	<u>8,363,218</u>	<u>1,164,054</u>
Finance income/(cost) - net	<u>2,927,500</u>	<u>15,096,379</u>



**ETHIOPIAN POSTAL SERVICE ENTERPRISE
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED July 7, 2024**

21 Property, Plant and Equipment

	Right of use land		Building		Plant, Machinery and Equipment		Office Furniture & Equipment		Motor Vehicles		Computers and Accessories		Motor cycles and Bicycles		Construction in progress		Total
At 1 July 2022	99,957,618				303,078,730	176,280	39,391,560	107,131,083	39,370,144	12,236,844	78,220,787	679,563,046					
Additions/Disposal					99,817,897	88,696	17,792,461	(10,520,187)	18,170,820	-	11,800,872	137,150,559					
At 1 July 2023	99,957,618				402,896,627	264,976	57,184,021	96,610,896	57,540,964	12,236,844	90,021,659	816,713,605					
Additions/Disposal					109,854,775		1,126,591	119,676,542	49,726,852		(25,005,691)	255,379,069					
At 30 June 2024	99,957,618				512,751,402	264,976	58,310,612	216,287,438	107,267,816	12,236,844	65,015,968	1,072,092,674					
Depreciation and Impairment																	
At 1 July 2022	-			97	38,245,366		20,673,737	48,917,038	22,312,720	7,999,807		138,148,764					
Depreciation				18,932	6,553,382		4,088,662	953,476	5,414,332	1,176,050		18,204,834					
At 1 July 2023	-			19,029	44,798,748		24,762,399	49,870,514	27,727,052	9,175,857		156,353,598					
Depreciation				35,367	9,275,227		4,736,956	1,195,899	11,359,680	1,075,913		27,679,042					
At 30 June 2024	-			54,396	54,073,975		29,499,355	51,066,413	39,086,732	10,251,770		184,032,640					

Carrying Amount		At 30 June 2023		At 30 June 2024	
		358,097,879	245,947	46,740,382	29,813,912
		458,677,427	210,580	165,221,025	68,181,085
		470,380,730	90,021,659	3,060,987	90,021,659
		888,060,034	65,015,968	1,985,074	65,015,968



**ETHIOPIAN POSTAL SERVICE ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON JULY 07,2024**

22	Investment property	2024	2023
	Cost	371,630,272	357,253,252
	Addition	29,454,799	14,378,445
	Cost for The year	401,085,071	371,631,697
	Accumilated Depercation bruoght forward	35,673,514	28,066,827
	Deperciation for the year	8,371,917	7,606,687
	Accumulted Depercation carried forward	44,045,431	35,673,514
	Carrying Amount for the year	<u>357,039,641</u>	<u>335,958,183</u>
23	Right to use a Land	2024	2023
	Cost	1,463,027	1,463,027
	Addition	-	-
	Cost for The year	1,463,027	1,463,027
	Accumilated Depercation bruoght forward	104,352	89,423
	Deperciation for the year	14,929	14,929
	Accumulted Depercation carried forward	119,281	104,352
	Carrying Amount for the year	<u>1,343,746</u>	<u>1,358,675</u>
24	intangible Assets	2024	2023
	Software	34,997,420	33,900,115
	Addition	-	1,097,305
	Cost for The year	34,997,420	34,997,420
	Accumilated Amortization bruoght forward	20,795,249	17,048,473
	Amortization for the year	3,719,193	3,746,776
	Accumulted Amortization carried forward	24,514,442	20,795,249
	Carrying Amount for the year	<u>10,482,978</u>	<u>14,202,171</u>
25	Inventories	2024	2023
	Stock-telecom products	3,711,688	14,476,420
	Stock-postal operation	49,668,774	49,800,002
	Consumables	51,306,569	59,119,176
		104,687,032	123,395,598
	Allowance for inventory impairment	-	-
		<u>104,687,032</u>	<u>123,395,598</u>
26	Trade and Other receivables	2024	2023
26.1	Financial Assets		
	Local trade debtors	156,432,970	164,833,686
	International trade debtors	283,609,697	256,786,975
	Impairment loss on financial assets	(56,198,404)	(68,981,029)
		<u>383,844,264</u>	<u>352,639,632</u>



**ETHIOPIAN POSTAL SERVICE ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON JULY 07,2024**

26.2	Non-Financial Assets(other receivable)		
	Vat Receivable	91,616,724	45,578,987
	Withholding receivables	8,182,370	5,895,977
	Sundry receivables	<u>38,173,171</u>	<u>38,325,450</u>
		<u>137,972,265</u>	<u>89,800,414</u>
26.3	Other Asset	2024	2023
	prepayment to Supplier	25,923,496	27,156,195
	Advance to staff	<u>148,861</u>	<u>530,078</u>
		<u>26,072,357</u>	<u>27,686,273</u>
		547,888,886	470,126,319
27	Cash and cash equivalent	2024	2023
	Cash on hand	5,445,705	101,690
	Cash at bank	<u>254,417,011</u>	<u>294,557,169</u>
		259,862,715	294,658,859
28	Defferd Tax Asset	2024	2023
	<i>Employee benefit Tax Base</i>	-	-
	Employee benefit Carrying Amount	71,281,328	60,931,223
	Deductible Temporary difference	71,281,328	60,931,223
	<i>Allowance for receivables Tax Base</i>	-	-
	Allowance for receivables Carrying Amount	56,198,404	68,981,029
	Deductible Temporary difference	56,198,404	68,981,029
	<i>Provisions Tax Base</i>	-	-
	Provisions Carrying Amount	-	-
	Deductible Temporary difference	-	-
	Total Dedctable difference	<u>127,479,732</u>	<u>129,912,252</u>
		38,243,920	38,973,676
	Capital		
29	Revaluation Reserve	2024	2023
	Balance brought forward	247,947,566	247,947,566
	Profit (Loss) for the year		
	Balance Carried forward	<u>247,947,566</u>	<u>247,947,566</u>
30	Retained Earnings	2024	2023
	Balance brought forward	394,051,631	270,530,713
	Prior Period Adjustment	-	47,116,762
	Profit/(Loss) for the year	138,901,869	139,735,627
	Dividend declared during the year	(97,051,238)	(94,219,975)
	transfer to legal reserve/	-	(3,625,464)
	Balance Carried forward	<u>435,902,261</u>	<u>394,051,631</u>



**ETHIOPIAN POSTAL SERVICE ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON JULY 07,2024**

31 Post Employment employee benefit(severance)

The severance benefit plan is an unfunded Other Long Term employee Bnefit scheme.

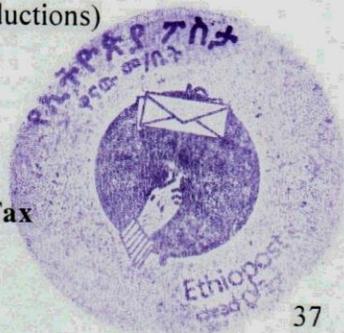
The Company does not maintain any assets for the schemes but ensures that it has sufficient funds for the obligations as they crystallize. The severance benefits are based on the statutory severance benefit as set out in Labour Proclamation No. 1156/2011. Employees who have served the Company for 5 years and above and are below the retirement age (i.e. has not met the requirement to access the pension fund) are entitled for the benefit.

The final pay-out is determined by reference to final monthly salary and number of years in service computed as one month salary of the first year in employment plus one-third of monthly salary for subsequent years to a maximum of twelve months salary.



ETHIOPIAN POSTAL SERVICE ENTERPRISE
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED ON JULY 07, 2024

32	Severance Pay Payable	<u>2024</u>	<u>2023</u>
	Balance Brought Forward	45,134,977	39,559,679
	Addition for the year	10,609,486	5,575,298
	Paid during the year	<u>(13,088,586)</u>	-
	Severance Pay Payable for the Year	<u>42,655,877</u>	<u>45,134,977</u>
33	Defferd Tax Liablity	<u>2024</u>	<u>2023</u>
	<i>Property Plant and Equipment</i>		
	Tax Base	852,961,208	685,215,690
	Carrying Amount	1,256,926,398	1,011,879,035
	Deductible Temporary difference	<u>403,965,190</u>	<u>326,663,345</u>
	Deferred Tax Liablity	<u>121,189,557.14</u>	<u>97,999,003</u>
34	Trade and Other payables	<u>2024</u>	<u>2023</u>
	Financial Liability		
	Local Accounts Payable	216,979,885	353,236,503
	International Accounts Payable	570,729,371	427,277,296
	Advance & Deposit	22,552,989	20,379,159
	Other accrued liabilities	58,816,284	-
		<u>869,078,530</u>	<u>800,892,958</u>
34.1	Dividend Payable	<u>2024</u>	<u>2023</u>
		132,661,226	94,219,795
		<u>132,661,226</u>	<u>94,219,795</u>
34.2	Retention Payable	<u>2024</u>	<u>2023</u>
		19,797,868	15,631,474
		<u>19,797,868</u>	<u>15,631,474</u>
34.3	Loan Payable	<u>2024</u>	<u>2023</u>
		85,226,929	-
		85,226,929	-
34.41	Non-Financial Liability		
	Withholding Tax Payable (2%)	416,370	721,966
	Value Added Tax Payable	2,326,001	3,904,050
	Employee Income Tax Payables	10,831,725	8,044,415
	Tax Authority Payables VAT WH & WHT Payable	6,259,437	-
	Pension Contribution Payable	7,821,609	6,637,664
	Other payables(deductions)	4,909,801	11,967,700
		<u>32,564,943</u>	<u>31,275,794</u>
34.42	Current Income Tax	<u>2024</u>	<u>2023</u>
		55,519,169	58,466,834
		<u>55,519,169</u>	<u>58,466,834</u>



**ETHIOPIAN POSTAL SERVICE ENTERPRISE
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED ON JULY 07, 2024**

34.43 Short term employee benefit

The Enterprise provides for unused leave days payable by estimating the amount the Enterprise is likely to pay for each employee. The Enterprise treats the benefits as short term employee benefit.

Short Term employment benefit (Annual Leave Pay Payable)

Leave pay	<u>2024</u>	<u>2023</u>
Balance Brought Forward	15,796,246	10,606,595
Addition during the year	16,448,722	5,189,651
Used During the year	(3,619,517)	
	<u>28,625,451</u>	<u>15,796,246</u>

35 Lease Liability

	<u>2024</u>	<u>2023</u>
Balance at the beginning	1,363,984	1,280,178
Addition/removal during the year		-
Interest expense during the year	82,035	83,805
Repayment during the year		-
Balance at the end of the year	<u>1,446,018</u>	<u>1,363,984</u>

current	<u>84,555</u>	<u>84,555</u>
Non current	<u>1,361,463</u>	<u>1,279,429</u>

36 Grant

	July 7, 2024	July 7, 2023
	<u>Birr</u>	<u>Birr</u>
Grant liability	4,256,504	5,516,042
Grant income	1,259,538	1,259,538



**ETHIOPIAN POSTAL SERVICE ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON JULY 7,2024**

37	Income Tax	<u>2024</u>	<u>2023</u>
	Profit(loss) for the year	221,696,130	193,313,245
	leave expense	12,829,205	5,223,052
	Depreciation Per Tax Law	(68,729,893)	(42,000,000)
	Depreciation under IFRS	53,082,570	37,253,544
	Severance expense	(2,479,100)	5,638,123
	finer penalty interest expe	101,632	42,689
	Loss Allowance	(12,782,625)	562,024
	Entertainment	3,819,304	3,813,382
	interest Income/EX	(11,290,718)	1,164,054
	ponsor/comensation/foreign ex gain		(13,190,999)
	Employee gift		1,617,075
	Taxable Income (loss) for the year	196,246,505	193,436,190
	Current Tax Income (Expense)	(58,873,952)	(58,030,857)
	Deffered Tax Income (Expense)	(23,920,310)	6,361,769
	WHT	3,354,783	1,472,554
	Tax Expense for the year	(82,794,261)	(51,669,088)

38	Deffred Tax Income (Expense)	<u>2024</u>	<u>2023</u>
	Movment in Deffered Tax Asset	(729,756)	8,003,124
	Movment In Deffered Tax Liability	(23,190,554)	(1,641,355)
	Deffered Tax Asset (Liability)	(23,920,310)	6,361,769

39 Related Party transactions Disclolures

39.1 Key management compensation

Key management has been determined to be the members of Executive Management of the Enterprise. The compensation paid or payable to key management for is shown below.

	<u>2024</u>	<u>2023</u>
Salary and Allowances	53,194,190	5,690,376
allowance for Board of director	433,500	176,200
	53,627,690	5,866,576



ETHIOPIAN POSTAL SERVICE ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON JULY 7,2024



39.1

The Enterprise is controlled by Ethiopian Investment Holdings which is a strategic Investment arm of the Government of Ethiopia. Transaction made between the Entity and entities within the holding are considered as related party transaction. All the transactions made with the related parties are carried out at market value. The management did assess the business risk that comes along with being dependent on the ultimate Enterprise for the significant amount of the revenue it generates. The management is addressing the risk by looking for ways to broaden its customer base.

39.3

During the year ended July 7,2024, the enterprise got term loan of 107,000,000 and overdraft 100,000,000 from "Commercial bank of Ethiopia.", a company in which the . The loan bears interest at a rate of 11.5% and 11.5 % per annum and term loan is repayable in quarterly installments over a period of 1 years. The term loan is used for conveyance payments and procurement of materials for operational purpose and the overdraft is for working capital."

1.2

During the year ended July 7,2024, the enterprise transacts with ethiotelecom birr 1.184 billion from a total distribution of EVD and SIM , it gets commission income of 129 million and commission expense of 113million.

39 **Events after reporting period**

39 **Government Policy Change – Exchange Rate Reg**

Subsequent to the reporting period, on 29 July 2024, the government of Ethiopia, announced a major policy shift, moving from a fixed exchange rate regime to a floating exchange rate system. This policy change is expected to have a minimal impact on the enterprise's financial position and operations due to its limited foreign exchange exposure.

Subsequent to the financial reporting period, the enterprise has been incorporated under Ethiopian investment holding. This incorporation may affect the enterprise's compliance obligations and operational framework moving forward. Management is currently assessing the implications of this change on the financial statements and will ensure adherence to all relevant regulations and standards in future reporting periods

Nature of the Event

Under the previous fixed exchange rate system, the Birr was pegged to the USD, providing stability in exchange rates for the Enterprise's operations.. The shift to a floating exchange rate is expected to lead to increased volatility in the Birr, which may impact the Enterprise's cash flows, pricing, and financial results, particularly for the following areas:

cost of sales, revenue, Cash and Cash Equivalents: as the local currency weakens or strengthens the value of the Enterprise's cash balances held in Birr may fluctuate Moderately Revenue from Operations: which is partly generated in Birr, may be impacted. cost of sales will probably rise due to rising cost of raw materials and other input.

International accounts payable of the enterprise also estimated to increase nearly by 314,350,742.55 on the specific year.



Impact on Financial Statements

As the exchange rate shift occurred after the reporting period, it does not adjust the 2023 financial statements. However, the Group has assessed the potential impacts on its financial performance and position for the year 2024 and beyond. While it is difficult to estimate the exact effect due to the unpredictable nature of a floating exchange rate, the enterprise may incur a net estimated loss of 314,350,742.55.

Impact of Corridor Development on Property, Plant and Equipment

As part of the Government of Ethiopia's national development agenda, the enterprise is affected by ongoing corridor development projects (e.g., expressways, railways, or industrial zones) which intersect with or are adjacent to some of the enterprise's operating sites.

except as disclosed above, there were no significant event that occurred between 07 July 2024 and the date of issue of this financial statement



ETHIOPIAN POSTAL SERVICE ENTERPRISE
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED ON JULY 07, 2024



DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following items:

PPE

	Tax Base	Carrying Amount	Taxable Temporary difference	Deferred Tax Liability	Deferred Tax Income (Expense)
2024	852,961,208	1,256,926,398	403,965,190	121,189,557	(23,190,554)
2023	685,215,690	1,011,879,035	326,663,345	97,999,003	(1,641,355)
2022	567,633,828	888,825,990	321,192,162	96,357,648	22,455,044
2019	10,005,909	122,090,832	112,084,923	33,625,477	2,947,018
2018	11,615,462	133,523,779	121,908,317	36,572,495	-

Employee Benefit

	Tax Base	Carrying Amount	Deductable Temporary difference	Deferred Tax Asset	Deferred Tax Income (Expense)
2024	-	71,281,328	71,281,328	21,384,399	3,105,032
2023	-	60,931,223	60,931,223	18,279,367	3,229,485
2022	-	50,166,275	50,166,275	15,049,882	(1,726,308)
2019	-	1,150,331	1,150,331	345,099	196,797
2018	-	494,341	494,341	148,302	-

Expected Credit Loss

	Tax Base	Carrying Amount	Deductable Temporary difference	Deferred Tax Asset	Deferred Tax Income (Expense)
2024	-	56,198,404	56,198,404	16,859,521	(3,834,788)
2023	-	68,981,029	68,981,029	20,694,309	5,046,737
2022	-	52,158,572	52,158,572	15,647,572	2,633,414

The Company accounts for deferred tax Balances In relation to PPEs and employee benefits. The Company sees the Carrying amounts and Tax bases of Assets/Liability to account for deferred tax balance.



**ETHIOPIAN POSTAL SERVICE ENTERPRISE
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED ON JULY 07, 2024**

**ETHIOPIAN POSTAL SERVICE ENTERPRISE
Restatement of Prior Periods –Deferred tax liability**

1. Nature of the Restatement

During the period ended July 7, 2024, management identified an overstatement of the value of deferred tax liability and deferred tax expense in previous reporting periods. The error arose because error .

2. Impact of the Restatement on Financial Statements

The following financial statements for prior periods have been restated to correct the identified miscalculation. The restatement impacts the comparative figures as follows:

a) Statement of Financial Position: (All Amounts are presented in Birr)

As at 7 July 2023:

Deferred Tax liability: previously reported as 114,721,842; restated to 97,999,003

Total liability: previously reported as 1,183,019,947; restated to 1,166,297,109.

Retained earnings: previously reported as 359,537,663 restated to 394,051,761

3. Correction of the Error

The company has corrected this error retrospectively by adjusting the opening balances of retained earnings and Deferred tax liability for the earliest period presented, in accordance with IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors."

