

ETHIOPIAN TOURIST TRADING ENTERPRISE
AUDITOR'S REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023



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ABEBE KIFLE CHARTERED CERTIFIED
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Addis Ababa, Ethiopia



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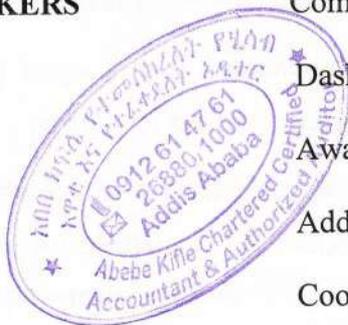
ETHIOPIAN TOURIST TRADING ENTERPRISE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023
OFFICIALS AND PROFESSIONAL ADVISORS

MANAGEMENT Assefa Guya Gemeda - Director General
Aklilu Getachew - Acting Finance Director

REGISTERED OFFICE Ethiopian Tourist Trading Enterprise
P.O.Box. 5640/91182 e: ette@ethionet.et
Addis Ababa
Ethiopia

AUDITORS Abebe Kifle Chartered Certified Accountant
& Authorized Auditor
Bob Marley Square, Yemerou Senay Building 6th Floor
P.O.Box. 26880 Code 1000, Addis Ababa
Ethiopian

BANKERS Commercial Bank of Ethiopia
Dashen Bank Share Company
Awash International Bank Share Company
Addis International bank Share Company
Cooperative bank of Oromia Share Company
Bank of Abyssinia Share Company



ETHIOPIAN TOURIST TRADING ENTERPRISE
STATEMENT OF BOARD OF DIRECTORS RESPONSIBILITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The Commercial Code of Ethiopia proclamation # 1243/2021 require the Management 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. The Commercial Code of Ethiopia also requires the Management to ensure that the Enterprise keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Enterprise. The Management is also responsible for safeguarding the assets of the Enterprise.

The Management is responsible for the preparation and fair presentation of these financial statements that give a true and fair view of the statement of financial position of the Enterprise at the reporting date and of its comprehensive income in the manner required by the Commercial Code of Ethiopia , 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 give a true and fair view of the state of the financial affairs of the Enterprise and of its profit or loss.

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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:



Assefa Guya Gameda
Director General



Aklilu Getachew
Finance Director



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ABEBE KIFLE CHARTERED CERTIFIED ACCOUNTANT &
AUTHORIZED AUDITOR

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF
ETHIOPIAN TOURIST TRADING ENTERPRISE

Qualified Opinion

We have audited the accompanying financial statements of Ethiopian Tourist Trading Enterprise (Enterprise), which comprises the statement of financial position as at 30 June 2023, and 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.

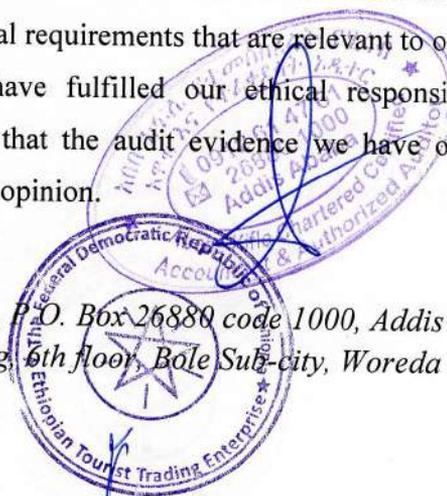
In our opinion, except for the possible effects of the matters described in the basis of qualified opinion section of this report, the accompanying financial statements give a true and fair view of the financial position of Ethiopian Tourist Trading Enterprise as of 30 June 2019 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified of Opinion

1. *The Enterprise yearend property, plant and equipment count is not reconciled with the financial records. Furthermore, the Enterprise has not prepared and provide us property, plant and equipment's register which contain tag number, location, serial number model, condition etc.*

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 this report. We are independent of the Enterprise in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants, together with other ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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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 International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements 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 going concern basis of accounting unless management either intend to liquidate the Enterprise or to cease operations, or have no realistic alternative to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

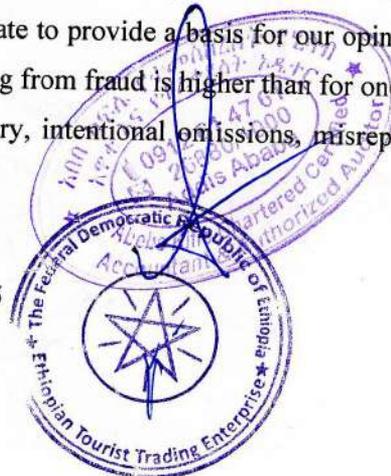
Our Objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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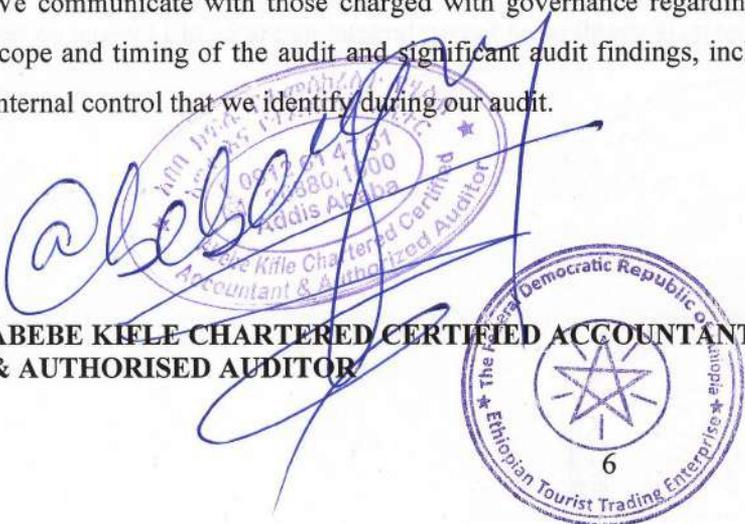
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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Enterprise's internal control.
- 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 Enterprise'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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Enterprise or business activities within the Enterprise to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

**ABEBE KIFLE CHARTERED CERTIFIED ACCOUNTANT
& AUTHORISED AUDITOR**



**Addis Ababa
December 27, 2023**

ETHIOPIAN TOURIST TRADING ENTERPRISE
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

Currency: Ethiopian Birr

	Note		2022
REVENUE	5	853,193,799	747,241,288
COST OF SALES	6	541,115,304	448,685,202
GROSS PROFIT		<u>312,078,495</u>	<u>298,556,086</u>
Other Income	7	13,462,142	30,825,500
		<u>325,540,637</u>	<u>329,381,586</u>
EXPENSES			
Selling and distribution	9	86,810,098	66,775,634
General and administration	10	98,123,446	78,821,285
Provision for doubtful debts		-	1,925,009
Inventory written down allowance		1,705,250	-
Finance costs	8	11,031,221	6,690,283
		<u>197,670,015</u>	<u>154,212,211</u>
Net Profit before Taxation		127,870,622	175,169,375
Tax Expense	11	38,692,247	52,894,308
Net Profit for the year		<u>89,178,375</u>	<u>122,275,067</u>
Other Comprehensive income, net of income tax		-	-
Items that will not be reclassified into profit or loss		-	-
Gain on revaluation of property		-	-
Deferred tax(liability)/asset on revaluation		-	-
Remeasurement gain or loss on retirement benefits obligation		-	-
Deferred tax(liability)/asset on remeasurement gain or loss		-	-
		<u>89,178,375</u>	<u>122,275,067</u>

The notes on pages 11 to 35 are an integral part of these financial statements.



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ETHIOPIAN TOURIST +A1:I34TRADING ENTERPRISE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

Currency: Ethiopian Birr

	Notes		2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	108,473,807	113,140,023
Right of use Land	13	123,305,096	123,305,096
Investment in financial assets measured at amortized cost Share 17000each@1000	15	170,000,000	170,000,000
Intangible Assets	16	51,485	89,832
Deferred tax asset	11.4.7	867,066	-
		402,697,454	406,534,951
CURRENT ASSETS			
Inventories	17	655,350,782	357,678,549
Trade and other receivables	18	21,437,617	21,404,765
Cash and cash equivalents	19	60,758,660	212,338,992
		737,547,059	591,422,306
TOTAL ASSETS		1,140,244,513	997,957,256
EQUITY AND LIABILITIES			
Paid up capital		383,428,200	20,753,132
Legal reserve	23	8,609,545	4,150,626
Revaluation reserve		123,305,096	123,305,096
Other component of equity		-	47,582,501
Reserve from IFRS Transition	22	53,439,496	53,439,496
		568,782,337	249,230,851
TOTAL EQUITY			
NON-CURRENT LIABILITIES			
Defined benefit obligations	26	11,916,333	11,091,745
Deferred tax liability		-	1,668,745
Government loan		170,000,000	170,000,000
		181,916,333	182,760,490
CURRENT LIABILITIES			
Trade and other payables	24	239,017,565	120,247,234
Bank overdraft	25	77,331,708	53,779,709
State Dividednd Payable	27	21,518,009	193,990,770
Industrial Development Fund	28	14,409,725	129,388,566
Profit Tax Payable	11.3	37,268,836	68,559,635
		389,545,843	565,965,914
TOTAL EQUITY AND LIABILITIES		1,140,244,513	997,957,256



The notes on pages 11 to 35 are an integral part of these financial statements.

The financial statements on pages 7 to 35 were approved and authorized for issue by the Enterprise's management on the 27th of December 2023 and were signed on its behalf by


Assefa Guya Gameda
Director General


Aklilu Getachew
Finance Director

ETHIOPIAN TOURIST TRADING ENTERPRISE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

Currency: Ethiopian Birr

Currency: Ethiopian Birr

	Paid up Capital	Retained Earning	State Dividend	Industrial Development Fund	Reserve from IFRS Transition	Revaluation Reserve	Other Component of Equity	Legal Reserve	Total
Balance 30 June 2020	20,753,132	-	71,778,000	47,913,386	53,439,496	123,305,096	47,582,501	4,150,626	249,230,851
Profit for the Year		84,459,625							84,459,625
Prior Period Adjustment		(2,802,485)							(2,802,485)
Transfer to State Dividend		(48,994,284)	48,994,284						
Transfer to Industrial Development Fund		(32,662,856)	-	32,662,856					
Balance 30 June 2021	20,753,132	-	120,772,284	80,576,242	53,439,496	123,305,096	47,582,501	4,150,626	450,579,377
Profit for the Year		122,275,067							122,275,067
Prior Period Adjustment		(244,257)							(244,257)
Transfer to State Dividend		(73,218,486)	73,218,486						
Transfer to Industrial Development Fund		(48,812,324)	-	48,812,324					
Balance 30 June 2022	20,753,132	-	193,990,770	129,388,566	53,439,496	123,305,096	47,582,501	4,150,626	572,610,187
Increase in capital	362,675,068			(126,037,027)			(47,582,501)		
Profit for the Year		89,178,375							
Prior Period Adjustment		-							
Payment of Dividend & IDF		-	(22,248,895)	(14,829,597)					89,178,375
Transfer to legal reserve		-	(12,000,000)	(8,000,000)					(37,078,492)
Transfer to State Dividend		(4,458,919)							(20,000,000)
Transfer to Industrial Development Fund		(33,887,783)		33,887,783					
Balance 30 June 2023	383,428,200	-	21,518,009	14,409,725	53,439,496	123,305,096	-	8,609,545	604,710,071



The notes on pages 11 to 35 are an integral part of these financial statements.

ETHIOPIAN TOURIST TRADING ENTERPRISE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

Currency: Ethiopian Birr

CASH FLOWS FROM OPERATING ACTIVITIES

		2022
Profit for the year	127,870,622	175,169,375
Adjustment for:-		
Finance costs recognized in profit or loss	10,971,937	6,690,283
Adjustment on Fixed asset	-	(5,899,414)
Depreciation	10,127,669	8,512,344
Allowance for expected credit loss no longer required	(320,507)	-
Allowance for written down of inventories	1,705,250	-
Amortization of Intangible assets	38,343	38,147
Prior year adjustment	(37,078,492)	(244,257)
	113,314,822	184,266,478
Movement in working capital		
(Increase)/Decrease in Inventory	(299,377,485)	(96,021,311)
(Increase)/Decrease in Trade and other receivables	287,659	(10,814,437)
(Decrease)/Increase in defined benefit plans	824,588	3,951,291
(Decrease)/Increase in Trade and other payables	118,770,329	1,089,331
Cash flow from operating activities	(66,180,087)	82,471,352
Interest paid	(10,971,937)	(6,690,283)
Profit tax paid	(72,518,855)	(27,992,774)
Net Cash generated by(used by) operation	(149,670,879)	47,788,295

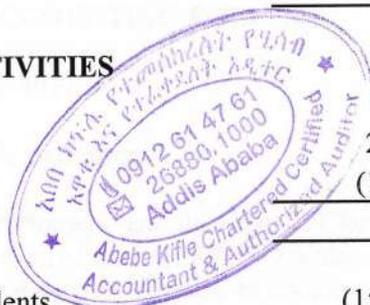
CASH FLOW FROM INVESTING ACTIVITIES

Payment for acquisition of property, plant and equipment	(5,461,455)	(43,385,681)
Net Cash used Investing activities	(5,461,455)	(43,385,681)

CASH FLOW FROM FINANCING ACTIVITIES

Industrial Development Fund	(8,000,000)	(20,000,000)
Proceed(Settlement) of bank overdraft	23,551,999	21,908,402
Dividend paid	(12,000,000)	(30,000,000)
Net Cash used in financing activities	3,551,999	(28,091,598)
Increase(Decrease) in cash and cash equivalents	(151,580,335)	(23,688,984)
Cash and cash equivalents at the beginning of the year	212,338,995	236,027,979
Cash and cash equivalents at the end of the year	60,758,660	212,338,995

The notes on pages 11 to 35 are an integral part of these financial statements.



**ETHIOPIAN TOURIST TRADING ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

1. GENERAL INFORMATION

The principal activity of the Enterprise comprises of retailing duty free and duty Paid merchandise as well as production of handicraft and souvenir.

Ethiopian Tourist Trading Enterprise (ETTE) was established 19 1964. The purpose of the Enterprise was to provide duty free products for customers who are entitled with duty free privileges. The Enterprise is also engaged in duty free paid merchandising and Handicraft and Souvenir production and retailing business. Since its establishment ETTE, under its motto 'We Strive for Excellent Service', has made a remarkable contribution in promoting tourism and has also played a notable role in the economic growth of the country.

Its principal place of business is at Addis Ababa, Ethiopia and has the following objectives, which the Enterprise is working towards.

- Establish, organize, operate and expand duty free, duty paid and handicraft and souvenir shops.
- Make available duty-free merchandise by importing or by directly purchasing from the local market for those customers who are entitled with duty free privileges.
- Make available duty paid merchandise by importing or buying directly from local market for the public.
- Subject to the laws relating to antiquities produce and retail handicrafts and souvenir items.
- Engage in any other activities or endeavor for the attainment of these objectives.

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

In 2016, the Enterprise has adopted IFRS. The Enterprise opted to use the modified retrospective approach under which changes having a material effect on the statement of financial position as at 1 July 2016 are presented together as a single adjustment to the opening balance of retained earnings. Accordingly, the Enterprise is required to present a third statement of financial position as at that date and hence the Enterprise provides this additional comparative information together with the required notes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 New Standards Adopted as At 1 July 2017

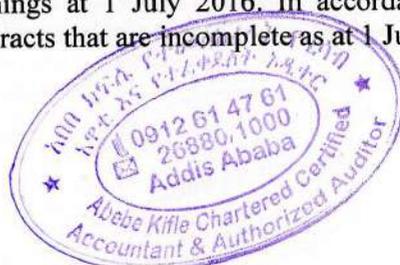
IFRS 15 'Revenue from contracts with customers'

IFRS 15 'Revenue from contracts with customers' and the related 'Clarification to IFRS 15 Revenue from contracts with Customers' (hereinafter referred to as 'IFRS 15') replace IAS 18 'Revenue'.

Although only mandatory for annual reporting periods beginning on or after 1 January 2018, the Enterprise has elected to apply IFRS 15 early, on 1 July 2016. The new Standard has been applied retrospectively without restatement, with the Cumulative effect of initial application recognized as an adjustment to the opening balance of the retained earnings at 1 July 2016. In accordance with the transition guidance, IFRS 15 has only been applied to contracts that are incomplete as at 1 July 2016.



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IFRS 9 'Financial Instruments'

The new Standard for financial instruments (IFRS 9) replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduce an 'expected credit loss' model for the impairment of financial assets.

Although only mandatory for annual reporting periods beginning on or after 1 January 2018, the Enterprise has elected to apply IFRS 9 early, on 1 July 2016. The new Standard has been applied retrospectively without restatement, with cumulative effect of initial application recognized as an adjustment to the opening balance of retained earnings at 1 July 2016. In accordance with the transition guidance, IFRS 9 has only been applied to contracts that are incomplete as at 1 July 2016.

IFRS 16 Leases

IFRS 16 will replace IAS 17 'Leases' and the related Interpretations. It completes the long-running project to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019.

Although only mandatory for annual reporting periods beginning on or after 1 January 2018, the Enterprise has elected to apply IFRS 16 early, on 1 July 2016. The new Standard has been applied retrospectively without restatement, with cumulative effect of initial application recognized as an adjustment to the opening balance of retained earnings at 1 July 2016. In accordance with the transition guidance, IFRS 16 has only been applied to contracts that are incomplete as at 1 July 2016.

2.2 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Enterprise

2.1 New Standards Adopted as At 1 July 2017 (continued)

At the date of authorization of these financial statements, new, but not yet effective, Standards, amendments to existing standards, and interpretations have been published by the IASB. With the exception of IFRS 15, IFRS 9 and IFRS 16 these standards, amendments or interpretations have not been adopted early by the Enterprise.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and interpretations neither adopted nor listed below have not been disclosed as they are not expected to have a material impact on the Enterprise's financial statement.

IFRS 17 'Insurance Contracts.

IFRS 17 Insurance Contracts will replace IFRS 4 Insurance Contracts, which will provide the recognition, measurement, presentation and disclosure requirements for insurance contracts.

The standard will be effective for annual reporting periods beginning on or after 1 January 2021. Management is yet to assess the impact of the Standard and therefore is unable to provide quantified information. However, the standard's applicability to the Enterprise's assets is too limited, as it does not principally deal with insurance contracts.



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2.3 Basis of preparation

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

The effective date of the amendment is for years beginning on or after 1 January 2019 and the impact of the amendment is currently being assessed.

2.4 Basis of Consolidation

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

2.5 Investment in Associate and joint ventures

The Enterprise has made no investment in associate and joint ventures.

2.6 Functional and presentation currency

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

2.7 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective entity, using the exchange rates prevailing at the date of the transactions (spot exchange rate).

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

Non-monetary items are not re-translated 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.

2.8 Segment Reporting

The Enterprise has no separate reportable segments.

2.9 Revenue

Revenue arises mainly from sales of duty free and duty paid products. To determine whether to recognize revenue, the Enterprise follows a five step process:

1. Identifying the contract with a customer
2. Identifying the performance obligation
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 duty free, paid products and gift articles to its customers.



In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amount collected on behalf of third parties.

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

The Enterprise recognizes contract liabilities for the consideration received in respect of unsatisfied performance obligations 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 required before the consideration is due.

2.10 Operating Expenses

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

2.11 Profit or loss from discontinued operations

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 operations comprises the post-tax profit or loss of discontinued operations 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 operation.

2.12 Other Intangible assets

Internally developed software

Expenditure on the research phase of projects to develop new customized software is recognized as an expense as incurred

Costs that are directly attributable to a project's development phase are recognized as intangible assets, provided they meet the following recognition requirement:

- 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 includes cost of employee involved on software development 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:

- Software: 5 Years

Any capitalized internally developed software that is not yet complete is not amortized but is subject to impairment testing.

Amortization has been included 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.

2.13 Property, plant and equipment

Right of use land owned is stated at revalued amounts. Revalued amounts are fair values based on appraisals prepared by in-house valuers once every three years or more frequently if market factors indicate a material change in fair value. Any revaluation surplus is recognized in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been 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 revaluations of land are recognized upon appraisal or impairment testing, with 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 amount are not depreciated.

2.14 Plant, building, machineries, vehicles and other equipment

Plant, building, machineries and other 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 Enterprise'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.



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Depreciation is recognized on a straight line and unit of production basis to write down the cost less estimated residual value of buildings, machineries and other equipment. The following useful lives are applied:

- Buildings; Up to 20 years
- Machineries: Up to 10 years
- Vehicles: Up to 10 years
- Office equipment, Furniture, Computers and accessories, Tools and other assets: Up to 10 years

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 estimate 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 and are recognized in profit or loss within other income or other expenses.

2.15 Leased assets

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

All other leases are treated as operating leases. Where the Enterprise is a lessee, payments on operating lease agreements are recognized as an 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 lessor

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

2.16 Impairment testing of intangible assets and property, plant and equipment

For impairment assessment purpose, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). As a result, some assets are tests 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 (cash-generating units) carrying amount exceeds its recoverable amount, which is 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 determine 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 effect of future re-organizations and asset enhancements. Discount factors are determined individually for ach cash generating unit and reflect current market assessment of the time value of money and asset specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.



2.17 Investment property

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

Investment properties 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 value.

2.18 Financial instruments

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

2.19 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes all expenses 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.

2.20 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 in 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 the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Enterprise's forecasts 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.

2.21 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 amount of cash and which are subject to an insignificant risk of changes in value.

2.22 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 component of equity includes the following:

- Capital reserve
- Grant obtained for expansion of the Enterprise
- Building Fund
- Fund obtained through compensation and kept for construction of a building

Retained earnings include all current and prior period retained profits.

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

2.23 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 contributions into state pension plans and for individual employees. The Enterprise has no legal or constructive obligations to pay contributions in addition to its fixed contribution, which are recognized as an expense in the period that related employee service are.

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 rates and mortality. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related liability.

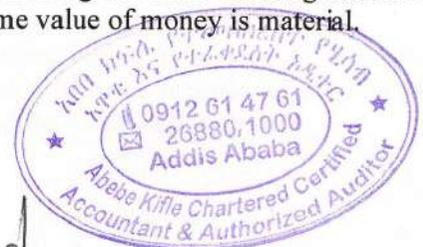
Short-term employee benefits

Short-term employee benefits, including bonus, are current liabilities included in pension and other employee obligations, measured at the undiscounted amount that the Enterprise expects to pay as a result of the unused entitlement.

2.24 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 past event, it is probable that an outflow of economic resources will be required from the Enterprise 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 risk and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. Provisions are discounted to their present values, where the time value of money is material.



Any reimbursement that the Enterprise 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 obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

3. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATIONS

When preparing the financial statements, management makes a number of judgment, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management estimates

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

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 and 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.

Estimations

Information about estimates and assumptions 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.

Impairment of non-financial assets

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

Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

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.

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.



Other long term employee benefit obligations

Management's estimate of other long-term employee benefit obligations include 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.

Variations in these assumptions may significantly impact the obligation amount and the annual benefit expenses.

Fair value measurement

Management uses valuation technique to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far 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.

4. Financial risk management

4.1 Introduction

The Enterprise's activities expose it to a variety of financial risks, credit risk, and interest rate risk. The Enterprise's overall risk management programme focuses on the identification and management of risks and seeks to minimize potential adverse effects on its financial performance. Investment policies are in place, which help manage liquidity, and seek to maximize return within an acceptable level of interest rate risk.

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

4.1.1 Risk management structure

The management has the ultimate responsibility for establishing and ensuring the effective functioning of the risk and compliance management activities of the Enterprise.

The management has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and risk appetite. It is also responsible for performing compliance monitoring and testing, preparing periodic risk and compliance exposure reports to management.

The management is responsible for translating and implementing the Enterprise's risk management strategy, priorities and policies approved by the Director General.

The Enterprise's policy is that risk management processes throughout the Enterprise are assessed periodically by the management. This will help to adequately capture risk exposure, aggregate exposure of risk types and incorporate short run as well as long run impact on the Enterprise.



Risk mitigation

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

The adequacy of these mitigates is tested on a periodic basis through administration of control self-assessment questionnaires, using an operational risk management tool which requires risk owners to confirm the effectiveness of established control. These are subsequently reviewed as part of the review process.

4.2 Financial risk

Financial instrument by category

The Enterprise's financial assets are classified into the following categories: available-for-sale and loans and receivables and the financial liabilities are classified into other liabilities at amortized costs.

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

	Notes	At Amortized Cost ETB
30 June 2023		
Cash and balance with banks	18	60.758.660
Trade receivables and other receivables	17	<u>21.437.617</u>
		<u>82.196.277</u>
30 June 2022		
Cash and balances with bank	18	60.758.660
Trade receivables and other receivables	17	<u>21.437.617</u>
		<u>82.196.277</u>

4.3 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. A key area where the Enterprise is exposed to credit risk is trade and other receivables.

4.3.1 Management of credit risk

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



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

	7 July 2023 ETB	7 July 2022 ETB	7 July 2021 ETB
Cash and balances with banks	60,758,660	212,338,992	236,027,977
Trade receivables	21,437,617	21,404,765	13,599,685
	82,196,277	233,743,757	249,627,662

4.4 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 policyholder, 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 the shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products commensurately with the level of risk.

4.5 Fair value of financial assets and liabilities

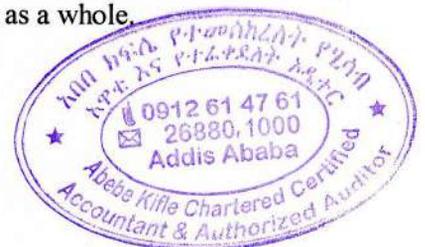
IFRS 13 requires an entity to classify measured or disclosed fair values according to a hierarchy that reflects the significance of observable inputs.

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 significant to the fair value measurement as a whole.

4.5.1 Valuation models

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Enterprise's market assumptions.

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 significant to the fair value measurement as a whole.



- Level 1; Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation technique in which all significant inputs are directly or indirectly observable from market data.

In conclusion, this category is for valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly.

4.5.2 Valuation technique using significant unobservable inputs-Level 3

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

4.5.3 Transfers between the fair value hierarchy categories

During the four 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.

4.6 Offsetting financial assets and financial liabilities

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



ETHIOPIAN TOURIST TRADING ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

Currency: Ethiopian Birr

5. REVENUE

		2022
Sales income-Head Office	601,646,172	583,240,453.00
Sales income-Victory Department Store	206,363,444	132,819,203.00
Sales income-Production Division	45,184,183	31,181,631.00
	853,193,799	747,241,287.00

6. COST OF SALES

		2022
Cost of sales-Head Office	358,993,806	318,078,639
Cost of sales-Victory Department Store	147,509,014	92,526,429
Cost of sales-Production Division	34,612,485	38,080,134
	541,115,305	448,685,202

7. OTHER INCOME

		2022
Other income-Head Office	11,657,352	30,792,455
Other income-Victory Department Store	217,390	19,848
Other income-Production Division	29,906	13,197
	11,904,648	30,825,500

8. FINANCE COSTS

		2022
Interest	10,510,598	6,551,276
Bank service charge	461,339	139,007
	10,971,937	6,690,283



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ETHIOPIAN TOURIST TRADING ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

Currency: Ethiopian Birr

9. SELLING AND DISTRIBUTION EXPENSES

		2022
Salaries and benefits	38,979,266	31,202,598
Electrical and other supplies	1,467,964	927,250
Printing and stationery	2,302,727	1,108,979
Fuel and lubricants	2,265,916	948,605
Cleaning and sanitation	1,794,460	1,014,850
Repair and maintenance	1,990,631	952,733
Utilities	729,131	380,603
Communication	146,976	113,516
Rent	29,652,904	20,801,822
Training and tuition	143,855	-
Miscellaneous	142,108	21,348
Entertainment	310,229	-
Advertising and promotion	313,093	7,130
Uniform and outfits	2,334,240	-
Commission	2,051,513	1,731,955
Depreciation	665,387	460,025
Amortization	-	38,147
Insurance	1,367,886	1,386,384
Transportation	-	400,930
Sales Discount	151,812	91,008
	86,810,098	61,587,883

10. GENERAL AND ADMINISTRATION EXPENSES

		2022
Salaries and benefits	60,716,332	51,764,581
Electrical and other supplies	133,837	790,760
Printing and stationery	224,366	763,549
Fuel and lubricants	5,922,397	2,737,457
Cleaning and sanitation	173,924	260,450
Repair and maintenance	1,709,142	2,669,146
Utilities	929,398	197,518
Communication	328,524	498,911
Rent	484,392	286,778
Taxes and municipality charges	1,825,317	108,637
License and registration	247,704	91,328
Travel and per diem	76,932	9,840
Entertainment	351,566	280,713
Professional fee	203,659	706,341
Advertising and promotion	407,582	129,714
Donation and contribution	10,650,994	5,579,124
Insurance	1,648,913	1,318,971
Loading and unloading	68,200	-
Training and tuition	238,462	-
Penalty	113,101	101,369
Bank charge	4,150	-
Commission	180,988	-
Board allowance	704,500	243,000
Non Allowable expenses	-	183,779
Uniform	622,334	1,474,147
Depreciation	9,729,393	8,052,318
Sales discount	19,502	-
Miscellaneous	407,839	572,854
	98,123,448	78,821,285



ETHIOPIAN TOURIST TRADING ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

Currency: Ethiopian Birr

11. COMPANY INCOME AND DEFERRED TAX

		2022
11.1 Current Income Tax		
Company Income Tax (note 11.2)	41,228,056.63	58,289,846
Deferred Income tax/(Credit) to profit or loss (11.4.8)	(2,535,810.00)	(5,395,538)
Total charge to profit or loss	<u>38,692,246.63</u>	<u>52,894,308</u>
Tax (Credit) on other Comprehensive income	-	-
Total Tax in Statement of Comprehensive income	<u><u>38,692,246.63</u></u>	<u><u>52,894,308</u></u>

11.2 Taxation charge

The tax on the Enterprise's profit before tax differ from the theoretical amount that would arise using the statutory income tax rate as follows:-

		2022
Profit before tax	127,870,622	175,169,375
Non-deductible expenses		
Accounting depreciation and amortization	10,387,763	8,550,490
Penalties	180,167	101,369
Donation	261,386	579,124
Entertainment	661,795	280,713
Other disallowed expenses	186	183,779
Accrued annual leave/(Reversal)	732,988	2,231,987
Accrued severance pay	824,588	3,951,292
Inventory written-down allowance	1,705,250	5,187,754
Expected credit loss	-	1,925,009
	<u>142,624,744</u>	<u>198,160,892</u>
Less: Tax allowable depreciation and amortization	(5,197,889)	(3,861,406)
Taxable profit	<u>137,426,855</u>	<u>194,299,486</u>
Tax expense	<u><u>41,228,057</u></u>	<u><u>58,289,846</u></u>

11.3 Current profit tax liability

		2022
Balance at the beginning of the year	68,559,634	41,271,921
Tax expense	41,228,057	58,289,845
Less: Payment during the year	(68,559,634)	(26,411,748)
Withholdin tax	(3,959,221)	(1,581,026)
Add: profit tax overpaid transferred to debtors	-	(3,009,358)
	<u><u>37,268,836</u></u>	<u><u>68,559,634</u></u>



ETHIOPIAN TOURIST TRADING ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

Currency: Ethiopian Birr

11.4 Deferred income tax

Deferred tax is calculated on all temporary differences under the liability method using the enacted rate of 30% the temporary difference is a result of difference in tax base which arises from revaluation of PPE and difference in tax rate of depreciation of Property, plant and equipment and difference in accounting for post employment benefit obligation, accrued annual leave written down of inventories and expected credit loss on trade receivable for financial reporting and tax purpose

11.4.1 Property, plant and equipment (PPE)

		2022
Carrying amount of PPE (note 12)	78,823,627	85,074,453
Less: Tax base	31,986,016	36,146,987
	<u>46,837,611</u>	<u>48,927,466</u>
Difference in the tax base of the previous year	(3,430,850)	-
Attributable to differences recognized in P/L	<u>43,406,761</u>	<u>48,927,466</u>
Deferred tax liability/(asset) on PPE	<u>13,022,028</u>	<u>14,678,240</u>

11.4.2 Intangible asset

		2022
Carrying amount	51,684	89,832
Less: Tax base	98,990	147,459
Deductible temporary differences	<u>(47,306)</u>	<u>(57,627)</u>
Deferred tax liability/(asset)	<u>(14,192)</u>	<u>(17,288)</u>

11.4.3 Trade and other receivables

		2022
Carrying amount	21,437,616	21,404,768
Less: Tax base	30,785,629	31,073,289
Deductible temporary differences	<u>(9,348,013)</u>	<u>(9,668,521)</u>
Deferred tax liability/(asset)	<u>(2,804,404)</u>	<u>(2,900,556.30)</u>

11.4.4 Defined benefit obligation

		2022
Carrying amount	11,916,333	11,091,745
Less: Tax base	-	-
Deductible temporary difference	<u>11,916,333</u>	<u>11,091,745</u>
Deferred tax liability/(asset)	<u>3,574,900</u>	<u>3,327,523.50</u>



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**ETHIOPIAN TOURIST TRADING ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (Continued)**

Currency: Ethiopian Birr

	2022
11.4.5 Trade and other receivables	
Carrying amount	239,017,563
Less: Tax base	229,582,969
Deductible temporary difference	9,434,594
Deferred tax liability/(asset)	2,830,378

11.4.6 Inventory written down to net realizable value

	2022
Carrying amount	204,575,119
Less: Tax base	218,420,603
Deductible temporary difference	(13,845,484)
Deferred tax liability/(asset)	(4,153,645)
11.4.7 Total deferred tax liability (asset)	1,668,744

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings and other infrastructure	Plant and machinery	Tools and other fixed assets	Motor vehicles	Furniture fixture and fittings	Computer and accessories	Construction in progress	Total
COST								
1 July 2022	61,705,695	4,492,519	1,941,500	50,734,381	7,827,890	4,628,246	28,065,570	159,395,801
Additions	-	1,521,814	143,120	1,797,798	-	745,830	1,584,611	5,793,173
Disposal	-	-	-	(315,196)	-	-	-	(315,196)
Adjustment	(8,000)	179,467	(179,467)	-	-	-	(8,522)	(16,522)
	61,697,695	6,193,800	1,905,153	50,419,185	9,625,688	5,374,076	29,641,659	164,857,256
DEPRECIATION								
1 July 2022	18,001,427	2,376,713	807,892	18,887,344	4,015,039	2,167,365	-	46,255,780
Additions	3,085,285	449,252	201,534	5,073,438	1,007,822	528,024	-	10,345,355.00
Disposal	-	-	-	(215,286)	-	-	-	(215,286.00)
Adjustment	-	1,353	(3,753)	-	-	-	-	(2,400.00)
As at 30 June 2023	21,086,712	2,827,318	1,005,673	23,745,496	5,022,861	2,695,389.00	-	56,383,449.00
NET BOOK VALUE								
As at 30 June 2023	40,610,983	3,366,482	899,480	26,673,689	4,602,827	2,678,687	29,641,659	108,473,807

12a. We noted that the management has not made an impairment review as to whether the net book value of Property, plant and equipment do not exceeded its recoverable value at the reporting period.



ETHIOPIAN TOURIST TRADING ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

Currency: Ethiopian Birr

13. RIGHT OF USE LAND

Freehold land

Cost

Depreciation

NET BOOK VALUE

	Balance at 30 June 2022	Addition	Balance at 30 June 2023
Cost	123,305,096	-	123,305,096
Depreciation	-	-	-
NET BOOK VALUE	123,305,096	-	123,305,096

The Enterprise has three plots of freehold right to use land in AddisAbaba held for the construction of the Enterprise's production facility.

14. RIGHT OF USE BUILDING

Leased shop

Cost

Depreciation

NET BOOK VALUE

	Balance at 30 June 2022	Addition	Balance at 30 June 2023
Cost	482,684	-	482,684
Depreciation	-	-	-
NET BOOK VALUE	482,684	-	482,684

The Enterprise shall pay lease amount in monthly equal installments. This right of use of building is fully depreciated in the year ended 30 June 2020.

15. INVESTMENT IN FINANCIAL ASSETS

2022

Financial assets measured at amortized cost

Equity investment

	170,000,000	170,000,000
	170,000,000	170,000,000

The company has an equity investment (measured at cost as there is no active market to measure its fair value as of the reporting date)balance amounting to Birr 170,000,000.00 represents 11.33% share from the total authorized share capital of Birr 1,500,000,000.00 in the Company called Addis -Africa International Exhibition Center (Investee Company). The investee company is under construction.

16. INTANGIBLE ASSETS

Cost

Amortization

NET BOOK VALUE

	Balance at 30 June 2022	Addition	Balance at 30 June 2023
Cost	381,465	-	381,465
Amortization	291,833	38,147	329,980
NET BOOK VALUE	89,632	38,147.00	51,485

17. INVENTORY

2022

Merchandise inventory-Duty free

Merchandise inventory-Duty paid

Raw material and production stock

Supplies and consumables

Gift articles

Allowance for written down inventories

Add: Goods in transit

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 0912 61 47 61
 26880 1000
 Addis Ababa
 Abebe Kifle Chartered Certified Auditor
 Accountant & Authorized Auditor

	226,414,311	128,659,651
	65,743,553	37,958,168
	49,156,663	15,447,339
	6,252,689	5,066,889
	9,732,839	31,288,556
	357,300,055	218,420,603
	15,550,735	13,845,485
	341,749,320	204,575,118
	313,601,462	153,103,429
	655,350,782	357,678,547



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ETHIOPIAN TOURIST TRADING ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

Currency: Ethiopian Birr

17a. Impairment allowance for impairment losses for inventories by class, is as follows

		2022
1 July 2022	13,845,485	8,707,972.00
Charge for the year	1,705,250	5,137,513.00
Less: Reversal of allowance for impairment	-	-
	15,550,735	13,845,485.00

18. TRADE AND OTHER RECEIVABLES

		2022
Trade debtors	6,164,536	4,669,860
Staff debtors	2,417,603	3,260,095
Advance and claims	7,145,268	6,685,513
Creditors with debit balances	1,777,232	467,430
Overpaid profit tax (Note 11.3)	-	3,009,358
Withholding tax recoverable	417,526	306,710
VAT receivables	7,780,925	10,804,857
Sundry receivables	5,082,540	1,869,466
	30,785,630	31,073,289
Less: Allowance for expected credit loss	9,348,013	9,668,520
	21,437,617	21,404,769

The Enterprise has recognized an allowance for doubtful debts using a provision matrix shown below. 100% of allowance is provided against all receivables over six years because historical experience has been that receivables that are past due beyond this period are not recoverable.

Days past due	Provision Rate
	%
0-60 days	Nil
61-120 days	1
121-180 days	5
181-365 days	10
1-2 years	15
2-3 years	20
3-4 years	25
4-5 years	30
5-6 years	50
Over 6 years	100



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ETHIOPIAN TOURIST TRADING ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

Currency: Ethiopian Birr

18a. The movements in impairment allowance for trade receivables is analysed below:-

		2022
Balance at the beginning of the year	9,668,520	7,743,511
Impairment loss recognized on receivables	-	1,925,009
Impairment loss reversed	320,507	-
	<u>9,348,013</u>	<u>9,668,520</u>

19. CASH AND CASH EQUIVALENTS

		2022
Cash on hand	1,894,119	968,747
Cash at bank	58,777,164	211,286,958
Change fund	87,377	83,286
	<u>60,758,660</u>	<u>212,338,991.00</u>

20. OTHER COMPONENTS OF EQUITY

The balance is result of revaluation property, plant and equipment for the purpose of IFRS deemed cost. The movement is as follows:-

		2022
Capital Grant	5,795,504	5,795,504
Building Fund	41,786,996	41,786,996
	<u>47,582,500</u>	<u>47,582,500</u>
Less: Transfer to Capital	47,582,500	-
	<u>-</u>	<u>47,582,500</u>

21. RETAINED EARNINGS

		2022
Profit for the year	89,178,375	122,275,067
Transfer to legal reserve	(4,458,919)	-
Transfer to dividend	(33,887,783)	(73,365,040)
Transfer to Industrial Development Fund	(50,831,674)	(48,910,027)
	<u>-</u>	<u>-</u>



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ETHIOPIAN TOURIST TRADING ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

22. RESERVE FROM IFRS TRANSITION

The balance is the result of revaluation of Property, plant and equipment for the purpose of IFRS deemed cost

The movement is as follows:-

		2022
Reserve beginning balance	53,439,496	53,439,496
Reserve for deemed cost	<u>53,439,496</u>	<u>53,439,496</u>

23. LEGAL RESERVE

Balance at the beginning of the year
 Transfer from retained earnings

		2022
	4,150,626	4,150,626
	4,458,919	-
	<u>8,609,545</u>	<u>4,150,626</u>

24. TRADE AND OTHER PAYABLES

Trade creditors
 Staff creditors
 Debtors with credit balances
 Income tax payable
 WHT payable
 Pension payable
 Customer deposit
 Suspense payable
 Sundry payables
 Unclaimed salary
 Royalty
 Custom payable
 Accruals
 Cost sharing

		2022
	187,281,710	80,408,586
	2,534,740	1,983,048
	260,227	266,287
	1,785,347	1,879,343
	253,684	-
	923,039	829,514
	283,052	-
	12,404	-
	5,366,626	5,355,817
	39,104	-
	19,453	19,453
	8,755,363	-
	31,500,263	29,501,947
	2,553	3,241
	<u>239,017,565</u>	<u>120,247,236</u>



25. BANK OVERDRAFT

Commercial Bank of Ethiopia

		2022
	77,331,708	53,779,709
	<u>77,331,708</u>	<u>53,779,709</u>

The Enterprise has an overdraft facility capped at 50 million at an interest rate of 9% per annum to be renewed every year from the date of the approval based on the utilization performance. The Enterprise's buildings are pledged as collateral for the overdraft.



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ETHIOPIAN TOURIST TRADING ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

Currency: Ethiopian Birr

26. DEFINED BENEFIT OBLIGATIONS

Defined benefit liabilities:-

2022

Severance benefit plans	11,916,333	11,091,745
Liability in the statement of financial position	<u>11,916,333</u>	<u>11,091,745</u>

Income Statement charge included in Salaries and benefit expenses:

2022

Severance benefit plans	824,588	3,951,291
Total defined benefit expenses	<u>824,588</u>	<u>3,951,291</u>

The severance benefit plan is an unfunded defined benefit scheme. The key financial assumption are the discount rate and the rate of salary increases. The provision was determined using the projected unit credit method.

The Enterprise does not maintain any assets for the schemes but ensures that it has sufficient funds for the obligation as they crystallised.

The severance benefits are based on the statutory severance benefits as set out in the Labour proclamation No. 377/2003 as amended by the labour (Amendment) proclamation No. 494/2006. Employees who have served the Enterprise 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 the service computed as one month salary of the first year in employment plus one third of monthly salary for subsequent year to a maximum of twelve months salary.

26a. RISK EXPOSURE

Though its post-employment benefit schemes, the Enterprise is exposed to a number of risks. The most significance of which are detailed below:-

(i) Liquidity risk

The defined liabilities unfunded and as a result, there is a risk of the Enterprise not having the required cash flow to fund future defined benefit obligations as they fall ddue



ETHIOPIAN TOURIST TRADING ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

Currency: Ethiopian Birr

(ii) Life expectancy

The majority of the plans are to provide benefits for the life of the members, so increases in life expectancy will result in an increase in the schemes' liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to change in life expectancy.

27. STATE DIVIDEND PAYABLE

		2022
Dividend payable at the beginning of the year	193,990,770	150,772,284
Transfer to capital	(189,055,540)	-
Add: Current year transfer	50,831,674	73,365,040
Prior year adjustment payment	(22,248,895)	(146,554)
Less: Settlement during the year	(12,000,000)	(30,000,000)
	21,518,009	193,990,770

28. INDUSTRIAL DEVELOPMENT FUND

		2022
Payable at the beginning of the year	129,388,566	100,576,242
Transfer to capital	(126,037,027)	-
Add: Current year transfer	33,887,783	48,910,027
Prior year adjustment payment	(14,829,597)	(97,703)
Less: Settlement during the year	(8,000,000)	(20,000,000)
	14,409,725	129,388,566

29. KEY MANAGEMENT COMPENSATION

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

		2022
Salaries and other short term employee benefits	9,129,755.00	7,608,129
Sitting allowance	789,264.00	777,600
Other expenses	234,181.00	212,892
	10,153,200.00	8,598,621

30. CONTINGENT LIABILITIES

Claims and litigation

The Enterprise is subject to some litigation arising in the normal course of business. The management is of the opinion that the pending litigation as at the reporting date will not have a material effect on the financial position or profits of the Enterprise.



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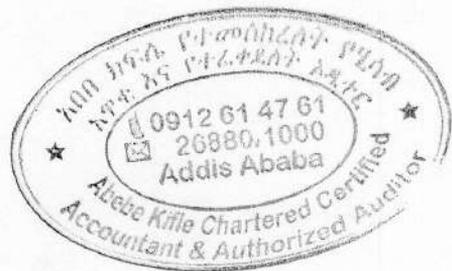
ETHIOPIAN TOURIST TRADING ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

31. EVENTS AFTER THE REPORTING PERIOD

In the opinion of management, there were no significant post balance sheet events which could have a material effect on the state of affairs of the Enterprise as at 30 June 2023 and on the profit for the year ended on that date, which have not been adequately provided for or disclosed.

32. COMPARATIVE INFORMATION

Some of the comparative information in these financial statements in respect of the previous years have been restated



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Addis Ababa City Administration Trade Bureau



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 የንግድ ምዝገባ ቁ. BL/AA/1/0000593/2005
 Principal Registration No. _____
 የቀድሞው ንግድ ፈቃድ ቁጥር _____
 Previous License No. _____
 የንግድ ሥራ ፈቃድ ቁጥር 14/673/238689/2005
 Business License No. _____
 ቀድሞ ተሰጠበት ቀን _____
 Previous Date of issuance _____
 የተሰጠበት ቀን 2/8/2005
 Date of issuance _____
 የታደሰበት ቀን: 25/3/2016
 Renewal Date _____



ንግድ ሥራ ፈቃድ
በንግድ ምዝገባና ፈቃድ አዋጅ ቁጥር 980/2008
መሰረት ተሰጦ

Business License
Issued Under Commercial Registration and Business
license proc.No 980/2016

1. የግለሰብ/ድርጅት ስም አበበ ክፍሌ መላኩ
 2. ዜግነት ኢትዮጵያዊ
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 4. ሥራ አስኪያጅ ስም አቶ አበበ ክፍሌ መላኩ
 5. የንግድ ድርጅት አድራሻ
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 6. የንግድ ሥራ መስክ (85212)ተፈቀደለት አዲተር

1. Owner/Company Name ABEBE KIFLE MELAKU
 2. Nationality Ethiopian
 3. Trade Name ABEBE KIFLE CHARTERED CERTIFIED ACCOUNTANT AND AUTHORIZED AUDITOR
 4. General Manager Name Mr. ABEBE KIFLE MELAKU
 5. Business Address
 Region Addis Ababa Zone/Sub City Bole
 Woreda 14 Kebele _____
 House No. አዲስ Tel.No 0912614761
 Fax _____ E-mail _____
 6. Field of Business (85212)Authorized Auditor

7. ካፒታል በኢት ብር 20,000.00
 8. ይህ የንግድ ፈቃድ ዛሬ 25/3/2016 በ አዲስ አበባ ተሰጦ።
 This Business License is issued in Addis Ababa
 on 12/5/2023 this day

የሃላፊ ስም /Name of Official MEGHA LEGESE
 ፊርማ/Signature _____



ለ 2016 ታደሷል



ማሳሰቢያ- 1. ይህ የንግድ ፈቃድ በዓመት ፈቃድ ቁጥር 980/2008 መሠረት እንደ የበጀት ዓመት በአዋጅ በተቀመጠው መሰረት መታደስ አለበት።
 N.B. This License Shall be renewed in accordance with Proclamation No. 980/2008 as per the fiscal year.
 2. ይህ የንግድ ፈቃድ የምስክር ወረቀት በዋስትና ወይም በእዳ ሊያዝ አይችልም።
 The holder of this License is forbidden for surety ship or debt

AABBE

Accounting and Auditing Board of Ethiopia

የኢትዮጵያ የቆጠራ እና የጥበቃ ሰርድ

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Reg. No: ADFO0052

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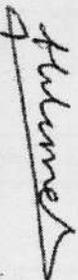
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ዋና ዳይሬክተር

Director General



ሂሳብ አጠቃላይ አጠቃላይ
ዋና ዳይሬክተር



Certificate of Registration

The Accounting and Auditing Board of Ethiopia
by virtue of the power vested in it by the Council
of Ministers' Regulation No. 332/2014 Article 6
hereby issues this Certificate of Registration to
Abebe Kifle Certified Audit Firm.

This Certificate of Registration enables the
holder to carry out Auditing service in Ethiopia
until February 08, 2024.



የተሰጠበት ቀን - ጥር 18, 2015

Date of Issue — January 26, 2023