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AUDIT SERVICE CORPORATION

ETHIOPIAN TOURIST TRADING ENTERPRISE

INDEPENDENT AUDITOR'S REPORT

AND

FINANCIAL STATEMENTS

30 JUNE 2024



ETHIOPIAN TOURIST TRADING ENTERPRISE
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2024



ETHIOPIAN TOURIST TRADING ENTERPRISE
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2024

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ETHIOPIAN TOURIST TRADING ENTERPRISE
ANNUAL FINANCIAL STATEMENTS
MANAGEMENT, PROFESSIONAL ADVISORS AND REGISTERED OFFICE
FOR THE YEAR ENDED JUNE 30 2024

Company TIN number
0000028457

Executive management (as of 30 June 2024)

CORPORATE INFORMATION

	Name	Position
Directors	H.E. Ambassador Misgana Arega	Board Chairman
	H.E. Sileshi Girma	Board V/Chairman
	Ato Genanaw Assefa	Board Member
	W/ro Kalkidan Arega	Board Member
	Ato Getachew Mengiste	Board Member
	Ato Tewodrose Tegegn	Board Member
MANAGEMENT	Name	Position
	Wro Rahel Getachew	Chief Executive Officer
	Ato Aklilu Getachew	Finance Director

REGISTERED OFFICE

Ethiopian Tourist Trading Enterprise Head Quarters
Haile Gebreselassie Avenue
P.O.Box: 5640/91182
Addis Ababa
Ethiopia
Email:ette@ethionet.et
Website:ette1.net

Independent auditor

Audit Service Corporation
P. O. Box ,
Building, Kazanchis Supermarket
Addis Ababa,
Ethiopia



Principal bankers

Commercial Bank of Ethiopia
P. O. Box- 255
Addis Ababa, Ethiopia

Dashen Bank Share Company
P. O. Box- 12752
Addis Ababa, Ethiopia



**ETHIOPIAN TOURIST TRADING ENTERPRISE
STATEMENT OF MANAGEMENT RESPONSIBILITIES
FOR THE YEAR ENDED JUNE 30 2024**

The Commercial Code of Ethiopia 1960 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 1960 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 of 1960, 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.

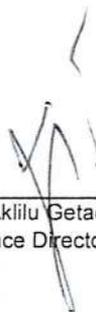
The Management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the enterprise and of its profit or loss.

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:


Wro. Rahel Getachew
Chief Executive Officer




Ato Aklilu Getachew
Finance Director



**INDEPENDENT AUDITOR'S REPORT
TO THE SUPERVISING AUTHORITY OF
ETHIOPIAN TOURSIT TRADING ENTERPRISE**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Ethiopian Tourist Trading Enterprise (the Enterprise), which comprise the statement of financial position as at 30 June 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Enterprise as at 30 June 2024 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

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 TOURSIT TRADING ENTERPRISE(Continued)**

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 Ato Tadele Anagaw.

23 May 2025

Audit Services Corporation



ETHIOPIAN TOURIST TRADING ENTERPRISE
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED JUNE 30 2024

	Notes	30 June 2024 ETB	30 June 2023 ETB
Revenue	5	720,269,111	853,193,799
Cost of Sales	7	(492,539,440)	(541,115,304)
Gross profit		227,729,671	312,078,494
Other Income	6	22,872,368	13,462,142
Selling and Distribution Expense	9	(114,379,193)	(86,810,098)
General and Administrative Expense	10	(90,871,519)	(98,119,298)
Provision for Doubtful debts		(394,430)	(1,705,250)
Operating Profit or Loss		44,956,897	138,905,990
Finance Cost, net	8	(14,406,710)	(11,035,371)
Profit before tax		30,550,187	127,870,619
Profit tax	11	(11,407,096)	(38,692,245)
Profit after tax		19,143,091	89,178,374
Other comprehensive income, net of income tax			
Items that will not be subsequently reclassified into profit or loss:			
Total comprehensive income for the year		19,143,091	89,178,374

The notes on pages 10 to 32 are an integral part of these financial statements.



ETHIOPIAN TOURIST TRADING ENTERPRISE
STATEMENT OF CHANGES IN EQUITY
AT 30 JUNE 2024

	Paid Up Capital		Retained earnings	Reserve from IFRS Transition		Revaluation Reserve	Industrial Development Fund /Enterprise's Fund/		Other Components of Equity	Legal reserve	Total
	ETB	ETB		ETB	ETB		ETB	ETB			
As at 1 July 2022	20,753,132	-	-	53,439,496	123,305,096	129,388,566	47,582,501	4,150,626	-	378,619,417	
Increase in capital	362,675,068	-	-	-	-	(126,037,027)	(47,582,501)	-	-	189,055,540	
Profit for the year	-	89,178,374	-	-	-	-	-	-	-	89,178,374	
Total	383,428,200	89,178,374	-	53,439,496	123,305,096	3,351,539	-	4,150,626	-	656,853,331	
Transactions with owners in their capacity as owners											
Prior period adjustment						(14,829,597)				(14,829,597)	
Payment of dividend and IDF			(50,831,673)			(8,000,000)				(8,000,000)	
Transfer to State Dividend Payable Fund			(33,887,783)			33,887,783				(50,831,673)	
Transfer to legal reserve			(4,458,919)						4,458,919	-	
As at 30 June 2023	383,428,200	-	-	53,439,496	123,305,096	14,409,725	-	8,609,545	-	583,192,061	
As at 1 July 2023	383,428,200	-	-	53,439,496	123,305,096	14,409,725	-	8,609,545	-	583,192,062	
Profit for the year	-	19,143,091	-	-	-	-	-	-	-	19,143,091	
Total	383,428,200	19,143,091	-	53,439,496	123,305,096	14,409,725	-	8,609,545	-	602,335,153	
Transactions with owners in their capacity as owners											
Prior year error adjustment			(12,730,156)			(8,471,946)				(8,471,946)	
Transfer to State Dividend Payable			(5,455,781)			5,455,781				(12,730,156)	
Transfer to Industrial Development Transfer to legal reserve			(957,155)						957,155	-	
As at 30 June 2024	383,428,200	-	-	53,439,496	123,305,096	11,393,560	-	9,566,700	-	581,133,051	

The notes on pages 10 to 32 are an integral part of these financial statements.



ETHIOPIAN TOURIST TRADING ENTERPRISE
STATEMENT OF CASH FLOWS
AT 30 JUNE 2024

	Notes	30 June 2024 ETB	30 June 2023 ETB
Cash flows from operating activities			
Profit before income tax		30,550,187	127,870,620
Adjustments for non- cash items:			
Interest expenses	-	14,406,710	10,971,937
Disposal of PPE (Net)	12	3,378	
Depreciation of property, plant and equipment (note	12	10,613,384	10,127,669
Amortization of Intangible Assets	13	41,456	38,343
Reversal of Expected Credit Loss			(320,507)
Impairment loss of inventories		-	1,705,250
Prior Period Adjustment	21	-	(37,078,492)
		55,615,115	113,314,820
Changes in working capital:			
Change in inventory	16	168,722,687	(299,377,485)
Change in trade and other receivables	17	(11,858,773)	287,659
Change in Defined Benefit Plan	25	(5,519,360)	824,588
Change in trade and other payables	18	(127,655,778)	118,770,329
Interest paid	7	(14,406,710)	(10,971,937)
income tax paid	11	(36,278,511)	(72,518,855)
Net cash inflow from operating activities		28,618,669	(149,670,881)
Cash flows from investing activities			
Acquisition of intangible assets	15	(86,957)	-
Purchase of property, plant and equipment	12	(31,651,520)	(5,461,455)
Net cash outflow from investing activities		(31,738,477)	(5,461,455)
Cash flows from financing activities			
Industrial Development fund	#REF!	-	(8,000,000)
Utilization of Bank Overdraft	24	21,020,059	23,551,999
State Dividend Paid	21	(24,000,100)	(12,000,000)
Net cash outflow from financing activities		(2,980,041)	3,551,999
Net increase (decrease) in cash and cash equivalents		(6,099,851)	(151,580,339)
Cash and cash equivalents as at 1 July		60,758,660	212,338,995
Cash and cash equivalents at 30 June		54,658,809	60,758,655

The notes on pages 10 to 32 are an integral part of these financial statements.



**ETHIOPIAN TOURIST TRADING ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED June 30, 2024**

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 in 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 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 the local market for the general public.
- Subject to the laws relating to antiquities produce and retail Handicrafts and Souvenir items
- Engage in any other related activities or Endeavour for the attainment of these objectives.

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



2. Summary of significant accounting policies

2.1. New Standards, amendments, interpretations issued but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the company has decided not to adopt early. The following amendments are effective for future accounting periods:

<i>New and Amendments to standards</i>	<i>annual periods</i>
Non-current liabilities with covenants-Amendments to IAS 1	1 January 2024
Lease liability in a sale and leaseback-Amendments to IFRS 16	1 January 2024
Supplier Finance Arrangements- Amendments to IAS 7 and IFRS 7	1 January 2024
Lack of exchangeability-Amendments to IAS 21	1 January 2025
IFRS 18: Presentation and disclosure in Financial Statements	1 January 2027
IFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027

There are no other new standards and amendments to standards and interpretations that are not yet effective and that would be expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

Non-current liabilities with covenants-Amendments to IAS 1

The amendment 'non-current liabilities with covenants' to IAS 1, 'Presentation of financial statements' was issued in response to concerns raised on applying previous amendments to the classification of liabilities as current or non-current that would have become effective for reporting periods beginning on or after 2023. The new amendment aims to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period.



**ETHIOPIAN TOURIST TRADING ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED June 30, 2024**

Lease liability in a sale and leaseback-Amendments to IFRS 16

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.

Supplier Finance Arrangements- Amendments to IAS 7 and IFRS 7

The amendments in Supplier Finance Arrangements (Proposed amendments to IAS 7 and IFRS 7) requires to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

Lack of exchangeability-Amendments to IAS 21

The amendment to IAS 21 regarding "Lack of Exchangeability" requires an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

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 fully 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.

IFRS 18 deals with how to present and disclose information in financial statements. This standard aims to provide a clear and consistent way for companies to report their financial performance. It is scheduled to become effective on January 1, 2027.

IFRS 19 specifically addresses the disclosure requirements for subsidiaries that do not have public accountability. Both of these standards are set to become effective on January 1, 2027.

2.2. Sustainability Disclosure standards

IFRS also enacted two sustainability standards that are optional to adopt. Considering the current state of ESG disclosure, the enterprise may in the future adopt the sustainability disclosure standards.

IFRS S1, General Requirements for Disclosure of Sustainability-related Financial Information: This standard requires companies to disclose information about their sustainability-related risks and opportunities that are expected to affect the company's cash flows, access to finance, or cost of capital over the short, medium, and long term. In essence, it sets the overall framework for how companies should report on sustainability.

IFRS S2, Climate-related Disclosures: This standard focuses on climate-related risks and opportunities. It requires companies to provide detailed information about their climate-related physical risks, transition risks, and opportunities, as well as their greenhouse gas emissions and how they are managing climate-related issues.

2.3. Basis of Preparation

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

2.4. Basis of Consolidation

The enterprise has no parent and subsidiary to prepare consolidated financial statements.

2.5. Investments in Associates and joint ventures

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



ETHIOPIAN TOURIST TRADING ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED June 30, 2024

2.6. Functional and Presentation currency

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

2. Summary of significant accounting policies

2.7. Foreign currency transactions and balances(continued)

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

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

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

2.8. Segment Reporting

The enterprise has no separately reportable segments.

2.9. Revenue

Revenue arises mainly from the sales of duty free and duty paid products. To determine whether to recognize revenue, the enterprise follows a 5-step process:

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

The enterprise often enters into transactions involving a sale and delivery of duty free, duty 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 amounts collected on behalf of third parties.

Revenue is recognized either at a point in time or over 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 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.



ETHIOPIAN TOURIST TRADING ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED June 30, 2024

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 requirements:

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

Development costs not meeting these criteria for capitalization are expensed as incurred.

Directly attributable costs include employee costs incurred on software development along with an appropriate portion of relevant overheads and borrowing costs

Subsequent measurement

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

- **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

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. 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 the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognized in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

2.14. Plant, Buildings, Machineries, Vehicles and Others equipment

Plant, Buildings, 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.

Depreciation is recognized on a straight-line and units 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 5 years



ETHIOPIAN TOURIST TRADING ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED June 30, 2024

In the case of leased assets, expected useful lives are determined by reference to comparable owned assets or the term of the lease, if shorter. Material residual value estimates and estimates of useful life are updated as required, but at least annually. In the period covered in this report, residual values are estimated to be nil, owing to the fact that, all of the enterprise's long lived asset will be used exhaustively in generating economic benefits.

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

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

All assets are subsequently reassessed for 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 values

2.18. Financial instruments

Financial assets and financial liabilities are recognized when the enterprise becomes 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.



**ETHIOPIAN TOURIST TRADING ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED June 30, 2024**

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 portions 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 forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are recognized in full.

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 amounts 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 components of equity include the following:

- Capital reserve
- Grant obtained for expansion of the enterprise
- Building Fund
- Fund obtained through compensation and kept for the 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 contributions, which are recognized as an expense in the period that related employee services are received.

Other long-term employee benefits

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

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



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FOR THE YEAR ENDED June 30, 2024**

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 a 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 risks 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 obligations 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 judgment in applying accounting policies and estimation uncertainty

Financial instruments - initial recognition and subsequent measurement (Continued)

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

Significant management judgments

The following are the 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.

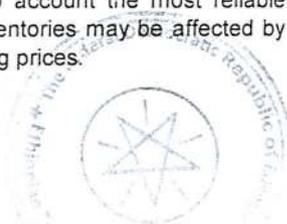
Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

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.



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

Fair value measurement

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



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4 Financial risk management

4.1 Introduction

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

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

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 Company's risk management strategy, priorities and policies as approved by the General Manager.

The Company's policy is that risk management processes throughout the Company 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 Company

4.1.2 Risk mitigation

The Company uses various risk mitigating techniques to reduce its risk to the level acceptable. Risk controls and mitigants, identified and approved for the Company, 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

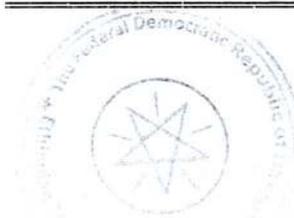
4.2 Financial risk

Financial instruments by category

The Company'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 amortised cost.

The Company's classification of its financial assets is summarised in the table below:

	Notes	At Amortized Cost ETB	Total ETB
30 June 2024			
Cash and balances with banks(CBE and Private Banks)	18	54,658,810	54,658,828
Trade receivables and other Receivables	17	17,973,537	17,973,554
		72,632,347	72,632,382



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4 Financial risk management (continued)

30 June 2023

Cash and balances with banks	18	60,758,660	60,758,660
Trade receivables	17	14,292,347	14,292,347
Total financial assets		75,051,007	75,051,007

4.3 Credit risk

The Company 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 Company is exposed to credit risk is trade and other receivables.

4.3.1 Management of credit risk

The Company 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 Company's financial assets. The maximum exposure is show gross before the effect of mitigation:

	30 June 2024 ETB	30 June 2023 ETB
Cash and balances with banks	54,658,810	60,758,660
Trade receivables	17,973,537	14,292,347
	72,632,347	75,051,007

4.4 Capital management

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

The Company's objectives in managing its capital are:

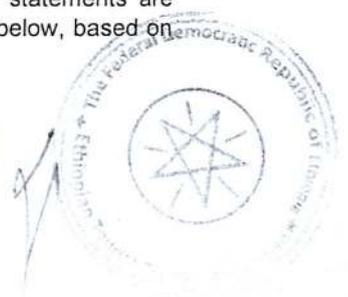
- to match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- to maintain financial strength to support new business growth;
- to satisfy the requirements of its policyholders, regulators and rating agencies;
- to retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- to allocate capital efficiently to support growth;
- to safeguard the Company'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.



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 categorised 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.



4 Financial risk management (continued)

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 Company's market assumptions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is 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 the 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 observable.

4 Financial risk management (continued)

4.5 Fair value of financial assets and liabilities (Continued)

4.5.2 Valuation technique using significant unobservable inputs – Level 3

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

4.5.3 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.

4.6 Offsetting financial assets and financial liabilities

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



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	30 June 2024 ETB	30 June 2023 ETB
5 Revenue		
Sales income-Head Office	524,460,046	601,646,172
Sales Income-Victory Department Store	152,008,042	206,363,444
Sales Income-Production Division	43,801,024	45,184,183
Total sales	720,269,111	853,193,799

The enterprise's 2024 total revenue Br. 720,269,111 is disaggregated into three business units: Duty Free, Duty paid and Arts and Crafts. The duty free contributes 73% of the revenue and hence the largest revenue generating unit. It is followed by duty paid that contributes 21% and arts and crafts that contributes 6%. The 73% revenue contribution of the duty paid is further disaggregated by shops as follows

SHOP/Segment	Annual Revenue	Contribution to Total Revenue
Bonded Warehouse	271,865,578.37	51.84%
Outgoing Duty Free	98915230.97	18.86%
Incoming Dfs	121027235.9	23.08%
Vip Dfs	17319336.22	3.30%
ECA Dfs	8899757.91	1.70%
Hilton Dfs	4236256.38	0.81%
Ghion Dfs	425224.37	0.08%
AU DFS	1771425.58	0.34%
	524,460,045.71	1.00

	30 June 2024 ETB	30 June 2023 ETB
6 Other income		
Other Income-Head Office	17,805,217	13,214,845
Other Income-Victory Department Store	3,871	217,390
Other Income-Production Division	39,685	29,906
Loss from Writedown of Inventory	5,023,594	-
Total other income	22,872,368	13,462,142



	30 June 2024 ETB	30 June 2023 ETB
7 Cost of sales		
Cost of Sales-Head Office	345,187,473	358,993,806
Cost of Sales-Victory Department Store	111,963,110	147,509,014
Cost of Sales-Production Division	35,388,857	34,612,485
	492,539,440	541,115,304



	30 June 2024 ETB	30 June 2023 ETB
8 Finance costs		
Interest Expense	13,473,043	10,510,598
Bank Service Charge	933,667	524,773
Finance cost (income) net	14,406,710	11,035,371



ETHIOPIAN TOURIST TRADING ENTERPRISE
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	30 June 2024 ETB	30 June 2023 ETB
9 Selling and Distribution Expenses		
Salaries and Related Benefits	39,138,462	38,979,266
Electrical and Other Supplies Expense	1,673,286	1,467,964
Printing and Stationary	2,267,629	2,302,727
Fuel and Lubricants	2,578,930	2,265,916
Cleaning and Sanitation	2,160,482	1,794,460
Repair and Maintenance	2,534,022	1,990,631
Utilities Expense	1,460,215	729,131
Communication Expense	140,661	146,976
Rent Expense	55,234,386	29,652,904
Training and tuition	11,626	143,855
Miscellaneous Expense	986,935	142,108
Advertising and Promotion	120,620	313,093
Uniform and outfits	1,535,059	2,334,240
Commission Expense	1,890,216	2,051,513
Depreciation Expense	613,366	665,387
Amortization Expense	41,456	-
Entertainment Expense	145,883	310,229
Insurance Expense	1,724,592	1,367,886
Transportation Expense	56,249	-
Sales Discount	65,118	151,812
	114,379,193	86,810,098
10 General & Administration Expense		
Salaries and Related Benefits	55,635,070	60,716,332
Electrical and Other Supplies Expense	193,368	133,837
Printing and Stationary	136,307	224,366
Fuel and Lubricants	7,195,233	5,922,397
Cleaning and Sanitation	96,250	173,924
Repair and Maintenance	1,356,570	1,709,142
Utilities Expense	734,914	929,398
Communication Expense	69,015	328,524
Rent Expense	403,791	484,392
Taxes and Municipality Charges	1,781,482	1,825,317
License and Registration	540,507	247,704
Travel and Perdiem	71,679	76,932
Entertainment Expense	649,858	351,566
Professional Fee	750,931	203,659
Advertising and Promotion	1,163,926	407,582
Donations and Contributions	200,000	10,650,994
Insurance Expense	3,798,314	1,648,913
Training and tuition	5,112	238,462
Penalty Expense	850,567	113,101
Board Allowance	534,500	704,500
Non Allowable Expense	566,679	-
Uniform	454,180	622,334
Transportation Expense	1,565,438	-
Commission Expense	225,282	180,988
Legal and Consultancy Fee	32,000	-
Depreciation Expense	9,534,134	9,729,393
Miscellaneous Expense	2,326,413	495,541
	90,871,519	98,119,298



ETHIOPIAN TOURIST TRADING ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2024

11	Company income and deferred tax	30 June 2024	30 June 2023
11.1	Current income tax	ETB	ETB
	Company income tax (note 11.2)	8,463,886	41,228,056
	Deferred income tax/(credit) to profit or loss (note 11.4.8)	2,943,210	(2,535,811)
	Total charge to profit or loss	11,407,096	38,692,245
	Tax (credit) on other comprehensive income	-	-
	Total tax in statement of comprehensive income	11,407,096	38,692,245

11.2 Taxation charge

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

	30 June 2024	30 June 2023
	ETB	ETB
Profit before tax	30,550,187	127,870,619
Non-deductible expenses		
Accounting depreciation and Amortization	10,654,840	10,387,763
Penalties	850,567	180,167
Donations	200,000	261,386
Entertainment	649,858	661,795
Other Disallowed Expense	2,348,161	186
Accrued Annual Leave/ (Reversal)	(1,743,619)	732,988
Accrued Severance Pay	(5,519,362)	824,588
Inventory Writedown Allowance	-	1,705,250
Tax allowable depreciation and amortization	(4,654,427)	(5,197,889)
Taxable income	33,336,206	137,426,854
Reversal of inventory Writedown Allowance	(5,123,252)	0
	28,212,954	137,426,854
Current Tax Expense (30%)	8,463,886	41,228,056

11.3 Current income tax liability

Balance at the beginning of the year	37,268,835	68,559,634
Charge for the year (note 11.2)	8,463,886	41,228,056
Profit tax settled during the year	(36,278,511)	(68,559,634)
Withholding tax	-	(3,959,221)
Balance at the end of the year	9,454,210	37,268,835

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 arised from revaluation of PPEs and difference in tax rates of depreciation of property plant and equipment and difference in accounting for post-employment benefit obligation, accrued annual leave, write-down of inventories and expected credit loss on trade receivables for financial reporting and tax purpose.

The movement in the deferred tax account is as follows:

	30 June 2024	30 June 2023
	ETB	ETB
11.4.1 Property, plant and equipment (PPE)		
Carrying amount of PPE (Note 12)	72,723,382	78,823,625
Less: Tax Base	(31,287,551)	(31,986,016)
Taxable temporary difference	41,435,831	46,837,609
Attributable to revaluation recognized in P/L	-	(3,430,850)
Attributable to differences recognized in P/L	41,435,831	43,406,759
Total Deferred Tax Liability (asset) on PPE	12,430,749	13,022,028

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11.4.2 Intangible Assets

	30 June 2024	30 June 2023
	ETB	ETB
Carrying amount	96,985	51,684
Less: Tax Base	(150,763)	(98,990)
Deductible Temporary difference	(53,778)	(47,306)
Deferred Tax Liability (asset)	(16,133)	(14,192)

11.4.3 Trade and Other Receivable :

	30 June 2024	30 June 2023
	ETB	ETB
Carrying amount	33,296,389	21,437,615
Less: Tax Base	(43,242,534)	(30,785,629)
Deductible Temporary difference	(9,946,146)	(9,348,013)
Deferred Tax Liability (asset)	(2,983,844)	(2,804,404)

11.4.4 Defined benefit obligation (DBO):

Carrying amount	6,396,971	11,916,333
Less: Tax Base	-	-
Deductible Temporary difference	6,396,971	11,916,333
Deferred Tax Liability (asset)	(1,919,091)	(3,574,900)

11.4.5 Trade and Other Payable:

Carrying amount	111,361,787	239,017,565
Less: Tax Base	(118,722,580)	229,582,971
Deductible Temporary difference	(7,690,975)	(9,434,594)
Deferred Tax Liability (asset)	(2,307,292)	(2,830,378)

11.4.6 Inventory write down to net realizable value:

Carrying amount	486,628,096	655,350,782
Less: Tax Base	(497,055,579)	(670,901,517)
Deductible Temporary difference	(10,427,483)	(15,550,735)
Deferred Tax Liability (asset)	(3,128,245)	(4,665,221)

11.4.7 Total Deferred Tax Liability (asset)

	2,076,143	(867,067)
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11.4.8 The movement in deferred income tax assets (liabilities) and deferred income tax charge/(credit) in profit or loss are as follows:

Deferred income tax assets/(liabilities):	At 30 June 2023	Credit/ (charge) to profit or loss	Credit/ (charge) to equity	30 June 2024
	ETB	ETB	ETB	ETB
Reserve for excess	13,022,028	(591,278)	-	12,430,749
Intangible assets	(14,192)	(1,942)	-	(16,133)
Trade and other	(2,804,404)	(179,440)	-	(2,983,844)
Defined benefit obligation	(3,574,900)	1,655,809	-	(1,919,091)
Trade and other payables	(2,830,378)	523,086	-	(2,307,292)
Inventories	(4,665,221)	1,536,975	-	(3,128,245)
	(867,067)	2,943,210	-	2,076,143

Total deferred tax assets/(liabilities)	At 1 July 2022	Credit/ (charge) to profit or loss	Credit/ (charge) to equity	30 June 2023
	ETB	ETB	ETB	ETB
Reserve for excess	14,678,240	(1,656,212)	-	13,022,028
Intangible assets	(17,288)	3,096	-	(14,192)
Trade and other	(2,900,556)	96,152	-	(2,804,404)
Defined benefit obligation	(3,327,524)	(247,376)	-	(3,574,900)
Trade and other payables	(2,610,482)	(219,896)	-	(2,830,378)
Inventories	(4,153,646)	(511,575)	-	(4,665,221)
Total deferred tax assets/(liabilities)	1,668,744	(2,535,811)	-	(867,067)



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12 Property, plant and equipment

	Buildings		Machinery		Motor Vehicles		Office Furniture and Equipment		Computer and Accessories		Tools and Other Fixed		Construction in Progress		Total
	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB	
Cost															
As at 1 July 2022	61,705,695	4,313,052	50,734,381	7,827,890	4,628,246	2,120,967	28,065,571	159,395,802							
Additions		1,691,304		1,628,308	745,830	143,120	1,584,610	5,793,172							
Disposal/Transfer			(315,196)												
Adjustment		171,467													(315,196)
As at 30 June 2023	61,705,695	4,305,052	50,419,185	11,147,503	5,365,554	2,264,087	29,650,181	164,857,256	(8,522)	(179,467)					
As at 1 July 2023	61,705,695	4,305,052	50,419,185	11,147,503	5,365,554	2,264,087	29,650,181	164,857,256							
Additions															
Disposal/Adj		361,487		3,564,579	230,565	359,887	27,135,003	31,651,520							
As at 30 June 2024	61,705,695	4,666,539	50,419,185	14,712,082	5,573,598	2,623,974	56,785,183	196,486,256	(22,521)						
Accumulated depreciation															
As at 1 July 2022	18,001,427	2,372,961	18,887,344	4,015,039	2,167,365	811,645	-	46,255,781							
Charge for the year	3,085,285	446,851	4,858,152	1,007,822	528,024	201,534		10,127,669							
As at 30 June 2023	21,086,712	2,819,812	23,745,496	5,022,861	2,695,389	1,013,179	-	56,383,450							
As at 1 July 2023	21,086,712	2,819,812	23,745,496	5,022,861	2,695,389	1,013,179	-	56,383,450							
Charge for the year	3,085,285	487,044	5,041,919	1,229,402	539,371	230,364		10,613,384							
Disposal/Adj					(19,143)										
As at 30 June 2024	24,171,997	3,306,856	28,787,415	6,252,264	3,215,617	1,243,542	-	66,977,691							
Net book value															
As at 1 July 2022	61,705,695	4,313,052	50,734,381	7,827,890	4,628,246	2,120,967	28,065,571	113,140,021							
As at 30 June 2023	61,705,695	1,485,240	26,673,689	6,124,641	2,670,165	1,250,908	29,650,181	108,473,806							
As at 30 June 2024	37,533,698	1,359,683	21,631,770	8,459,818	2,357,982	1,380,431	56,785,183	129,508,565							

NB

12a Construction in progress - relates to the construction of various small projects being undertaken at all divisions of the enterprise
12b Upon impairment review, the net book value of property, plant and equipment do not exceed its recoverable value as at the end of the reporting period. Thus, the management are of the opinion that allowance for impairment is not required.



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FOR THE YEAR ENDED JUNE 30 2024

13	Right of Use Land	30 June 2024	30 June 2023
	Freehold Land	ETB	ETB
	Cost:		
	At the beginning of the year	123,305,096	123,305,096
	Addition	-	-
	At the end of the year	<u>123,305,096</u>	<u>123,305,096</u>
	Accumulated depreciation:		
	At the beginning of the year	-	-
	Charge for the year	-	-
	At the end of the year	<u>-</u>	<u>-</u>
	Net book value	<u>123,305,096</u>	<u>123,305,096</u>

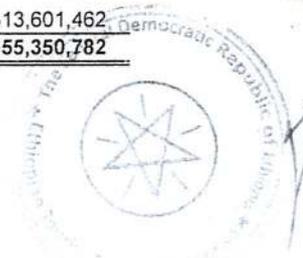
The enterprise has three plots of freehold right to use land in Addis Ababa held for the construction of the enterprise's production facility

14	Investment in Securities	30 June 2024	30 June 2023
		ETB	ETB
	At the beginning of the year	170,000,000	170,000,000
	Addition	-	-
	At the end of the year	<u>170,000,000</u>	<u>170,000,000</u>

The enterprise own's 170,000 shares in Addis convention center, which is 3% of the total shares. As the investment in these shares is not held for trading, and the enterprise presents changes in fair value in Other Comprehensive Income (OCI), the investment would be classified as Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) - Equity Instrument. This election is typically made for strategic investments that the entity intends to hold for the long term. The Enterprise could not determine the faire value of the equity (share) investment since the share market is not still active in Etiopia. Thus. the investment is reported at cost.

15	Intangible Assets	30 June 2024	30 June 2023
		ETB	ETB
	Cost		
	At the beinging of the year	381,465	381,465
	Additions during the year	86,957	-
	At the end of the year	<u>468,422</u>	<u>381,465</u>
	Accumulated Amortization		
	At the beinging of the year	329,981	291,834
	Additions during the year	41,456	38,147
	At the end of the year	<u>371,437</u>	<u>329,981</u>
	Book value	<u>96,985</u>	<u>51,484</u>

16	Inventories	30 June 2024	30 June 2023
		ETB	ETB
	Merchandise Inventory-Duty Free	317,093,454	226,414,311
	Merchandise Inventory-Duty Paid	18,552,063	65,743,553
	Raw Materials and Production Stock	14,957,728	45,458,505
	Work in Process	8,204,266	3,698,158
	Supplies and Consumables	5,885,622	6,252,689
	Gift Articles	25,715,323	9,732,839
	Gross amount	<u>390,408,457</u>	<u>357,300,055</u>
	Allowance for Writedown of Inventoreis	(10,427,483)	(15,550,735)
		<u>379,980,973</u>	<u>341,749,320</u>
	Goods in Transit	106,647,122	313,601,462
		<u>486,628,096</u>	<u>655,350,782</u>



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16a Impairment allowance on inventory

A reconciliation of the allowance for impairment losses for inventories by class, is as follows.

	30 June 2024 ETB	30 June 2023 ETB
At 1 July	15,550,735	13,845,485
Charge for the year	(5,123,252)	1,705,250
At 30 June	<u>10,427,483</u>	<u>15,550,735</u>

	30 June 2024 ETB	30 June 2023 ETB
17 Trade and other receivables		
Trade Debtors	7,088,625	6,164,536
Staff Debtors	2,496,255	2,417,603
Advance and Claims	15,322,851	7,145,268
Sundry debtors	3,719,317	5,082,540
Creditors with Debit Balance	4,980,170	1,777,232
VAT Receivables	7,491,763	7,780,925
Withholding Tax Receivable	2,143,554	417,525
	<u>43,242,534</u>	<u>30,785,628</u>
Less: Allowance for Expected Credit Loss	(9,946,146)	(9,348,013)
	<u>33,296,389</u>	<u>21,437,615</u>

The Company 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 (%)	Days Past Due	Provision Rate (%)
0-60 days	Nil	2-3 Years	20
61-120 days	1	3-4 Years	25
121-180 days	5	4-5 Years	30
181-365 days	10	5-6 Years	50
1-2 Years	15	Over 6 Years	100

17a The movements in impairment allowance for trade receivable is analyzed below:

	30 June 2024 ETB	30 June 2023 ETB
Balance at the beginning of year	9,348,013	9,668,520
Impairment loss recognized on receivables	598,132	-
Impairment loss reversed	-	(320,507)
Balance at end of the year	<u>9,946,146</u>	<u>9,348,013</u>

18 Cash and cash equivalents

	30 June 2024 ETB	30 June 2023 ETB
Cash on hand	224,849	1,894,119
Cash at bank	54,342,335	58,777,164
Change Fund	91,625	87,377
	<u>54,658,810</u>	<u>60,758,660</u>



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19 Paid Up Capital

The authorized and fully paid up capital of the enterprise is as follows.

	30 June 2024	30 June 2023
	ETB	ETB
Paid Up Capital	383,428,200	383,428,200
	-	-
	<u>383,428,200</u>	<u>383,428,200</u>

20 Revaluation Reserve

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

	30 June 2024	30 June 2023
	ETB	ETB
Revaluation Reserve	123,305,096	123,305,096
	-	-
	<u>123,305,096</u>	<u>123,305,096</u>

20 Other Component of Equity

	30 June 2024	30 June 2023
	ETB	ETB
Other Components of Equity	-	47,582,500
Transfer to Paid up capital	-	(47,582,500)
Other Component of Equity	-	-
	<u>-</u>	<u>-</u>

The balance represent compensation obtained from the government for building demolished or transfer to the government for a long time and the balance settled as increase in paid up capital in 2023 fiscal year

21 Retained earnings

	30 June 2024	30 June 2023
	ETB	ETB
Profit for the year	19,143,091	89,178,375
Transfer to Dividend	(12,730,156)	(50,831,673)
Transfer to Industrial development fund	(5,455,781)	(33,887,783)
Transfer to legal reserve	(957,155)	(4,458,919)
At the end of the year	<u>-</u>	<u>-</u>

22 Reserve from IFRS Transition

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

	30 June 2024	30 June 2023
	ETB	ETB
Reserve, Beginning Balance	53,439,496	-
Adjustments	-	-
Transfer from Retained Earning Reserve for Deemed Cost	-	53,439,496
	<u>53,439,496</u>	<u>53,439,496</u>

23 Legal reserve

Balance at the beginning of the year	8,609,545	4,150,626
Transfer from retained earnings (note 20)	957,155	4,458,919
At the end of the year	<u>9,566,700</u>	<u>8,609,545</u>



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24 Bank Overdraft	30 June 2024 ETB	30 June 2023 ETB
Commercial Bank of Ethiopia	98,351,767	77,331,708
	<u>98,351,767</u>	<u>77,331,708</u>

The enterprise has an overdraft facility capped at 100 million at an interest rate of 9.5% per annum to be renewed every year from the date of the approval based on utilization performance. The enterprise's buildings are pledged as a collateral for the overdraft facility

25 Defined benefit obligation	30 June 2024 ETB	30 June 2023 ETB
Defined benefits liabilities:		
– Severance benefit plan	6,396,973	11,916,333
Liability in the statement of financial position	<u>6,396,973</u>	<u>11,916,333</u>
Income statement charge included in salaries and benefits:		
– Severance benefit plan	(5,519,360)	824,588
Total defined benefit expenses	<u>(5,519,360)</u>	<u>824,588</u>

The severance benefit plan is an unfunded defined benefit scheme.

The key financial assumptions 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 obligations as they crystallize.

The severance benefits are based on the statutory severance benefit as set out in Labor Proclamation No. 377/2003, as amended by the Labor (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 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.

25a The principal assumptions used in determining defined benefit obligations

	30 June 2024 ETB	30 June 2023 ETB
Discount rate (p.a)	20.00%	20.00%
Long term salary increases (p.a)	18.0%	18.0%

(i) Discount rate

In Ethiopia, there is neither a deep market in corporate nor government bonds. Furthermore, the market for treasury bills in Ethiopia is inefficient and does not appear to be market determined. IAS 19 does not provide guidance for setting the discount rate in a country with limited government bonds or instruments.

25 Defined benefit obligation (continued)

(ii) Long term salary increases

The average salary escalation rates of the past few years is assumed to prevail in the subsequent years in determining severance pay for an accounting period. The company will annually review the validity of this assumption



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(iii) *Mortality rate*

Mortality is normally expressed as the probability of death within the next year for an individual of a specific age. Different mortality rates are thus set for each age group (higher rates for older people) and this set of rates is referred to as a mortality table.

	<u>Male</u>	<u>Female</u>
20-24	0.30%	0.22%
25-29	0.36%	0.23%
30-34	0.44%	0.28%
35-39	0.53%	0.31%
40-44	0.64%	0.32%
45-49	0.79%	0.43%
50-54	0.97%	0.63%
55 and above	> 1%	> 1%

(iv) *Withdrawals from service*

The withdrawal rate selected was based on experience in other similar arrangements.

	<u>30 June 2024</u>	<u>30 June 2023</u>	<u>30 June 2022</u>
20-24	6.00%	6.00%	6.00%
25-29	4.50%	4.50%	4.50%
30-34	2.90%	2.90%	2.90%
35-39	2.00%	2.00%	2.00%
40-44	1.60%	1.60%	1.60%
45-49	1.20%	1.20%	1.20%
50-54	1.20%	1.20%	1.20%
55 and above	1.20%	1.20%	1.20%

(v) *Ill-health / Disability*

	<u>30 June 2024</u>	<u>30 June 2023</u>	<u>30 June 2022</u>
20-24	0.10%	0.10%	0.10%
25-29	0.10%	0.10%	0.10%
30-34	0.18%	0.18%	0.18%
35-39	0.33%	0.33%	0.33%
40-44	0.58%	0.58%	0.58%
45-49	1.08%	1.08%	1.08%
50-54	1.90%	1.90%	1.90%
55 and above	1.90%	1.90%	1.90%

(vi) *Duration of the plan*

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior

25b Risk exposure

Through its post-employment benefit schemes, the Company is exposed to a number of risks. The most significant of which are detailed below:

(i) *Liquidity risk*

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

(ii) *Life expectancy*

The majority of the plans' obligations are to provide benefits for the life of the member, 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 changes in life expectancy.



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	30 June 2024 ETB	30 June 2023 ETB
26 Government Loan		
Loan from Ministry of Finance at beginning of the year	170,000,000	170,000,000
Additional lease during the year		-
Accruals during the year		
Settlement during the year		-
Finance lease at end of the year	170,000,000	170,000,000
	30 June 2024 ETB	30 June 2023 ETB
27 State Dividend Payable		
Dividend Payable at beginning of the year	21,518,008	193,990,770
Add: Current year transfer	12,730,156	50,831,673
Settlement during the year	(24,000,102)	(12,000,000)
Transfer to Capital	-	(189,055,540)
Prior year adjustment	8,471,946	(22,248,895)
Dividend payable at end of the year	18,720,007	21,518,008
	30 June 2024 ETB	30 June 2023 ETB
28 Industrial Development Fund		
Payable at beginning of the year	14,409,725	129,388,566
Add: Current year transfer	5,455,782	33,887,783
Settlement during the year		(8,000,000)
Transfer to Capital		(126,037,027)
Prior year adjustment	(8,471,946)	(14,829,597)
Industrial fund payable at end of the year	11,393,561	14,409,725
	30 June 2024 ETB	30 June 2023 ETB
29 Trade and other payables		
Trade Creditors	55,869,913	187,281,710
Sundry payable	32,648,352	5,710,788
Staff Creditors	2,648,976	2,534,740
Debtors with credit balances	439,419	260,227
Interbranch Payable	733,232	-
Income Tax Payable	2,278,996	1,785,347
Pension Payable	440,950	923,039
Withholding Tax Payable	168,512	253,684
Suspense Creditors	91,247	12,404
Commission Payable	26,992	-
Accruals	14,410,254	31,500,263
Custom Payable	1,604,943	8,755,363
	111,361,787	239,017,565



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30 *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.

	30 June 2024 ETB	30 June 2023 ETB
Salaries and other short-term employee benefits	9,324,001	9,129,755
Post-employment benefits		
Termination benefits	-	-
Sitting allowance	936,102	789,264
Other expenses	255,012	234,181
	<u>10,515,115</u>	<u>10,153,200</u>

31 *Contingent liabilities*

Claims and litigation

The enterprise is subjected to some litigations 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.

32 *Events after reporting period*

In the opinion of the 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 2024 and on the profit for the year ended on that date, which have not been adequately provided for or disclosed.

