

CATERING AND TOURISM TRAINING INSTITUTE

GUENET HOTEL

AUDITORS' REPORT AND ACCOUNTS

JUNE 30, 2022

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Getachew Wakjira

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Chartered Certified Accountant (U.K.)

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GETACHEW WAKJIRA
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Addis Ababa, Ethiopia

AUDITORS' REPORT ON THE ACCOUNTS OF
CATERING AND TOURISM TRAINING INSTITUTE - GUENET HOTEL

1. We have audited the accompanying financial statements of Catering and Tourism Training Institute - Guenet Hotel set out on pages 3 to 10 which have been prepared under historical cost conventions and the accounting policies set out on page 6 for the year ended June 30, 2022.

RESPECTIVE RESPONSIBILITIES OF THE BOARD OF MANAGEMENT AND AUDITORS

2. The Management of Guenet Hotel is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion.

BASIS OF OPINION

3. We conducted our audit in accordance with Generally Accepted Auditing Standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Board in the preparation of the financial statements and of whether the accounting policies are appropriate to the Hotel's circumstances, consistently applied and adequately disclosed.
4. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.



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OPINION

5. In our opinion, the accompanying financial statements give a true and fair view of the state of Catering and Tourism Training Institute - Guenet Hotel's affairs as at June 30, 2022 and of its profit and cash flows for the year then ended.



Metachew Wakjira

METACHEW WAKJIRA
CHARTERED CERTIFIED ACCOUNTANT (UK)
CERTIFIED AUDIT FIRM (ETH)

Addis Ababa
December 30, 2022

CATERING AND TOURISM TRAINING INSTITUTE - GUENET HOTEL
BALANCE SHEET
AS AT JUNE 30, 2022

	<u>Notes</u>	<u>Birr</u>	<u>Birr</u>	<u>2021</u> <u>Birr</u>
<u>ASSETS EMPLOYED</u>				
<u>FIXED ASSETS (net)</u>	2a,3		12,174,237	7,842,022
<u>GOVERNMENT BOND</u>			1,000,000	1,000,000
<u>DEFERRED EXPENDITURE(net)</u>	2b,4		<u>24,074</u>	<u>30,092</u>
			<u>13,198,311</u>	<u>8,872,114</u>
<u>CURRENT ASSETS</u>				
Stock	2c,5	1,200,602		674,813
Debtors and prepayments	6	4,328,666		2,766,253
Cash and bank balances	7	<u>38,725,626</u>		<u>38,144,399</u>
		<u>44,254,894</u>		<u>41,585,465</u>
<u>LESS:- CURRENT LIABILITIES</u>				
Provision for fence construction		1,041,164		1,041,164
Profit tax payable		408,588		-
Creditors and accrued charges	8	<u>4,903,481</u>		<u>1,649,019</u>
		<u>6,353,234</u>		<u>2,690,183</u>
			<u>37,901,660</u>	<u>38,895,282</u>
<u>NET CURRENT ASSETS</u>			<u>51,099,972</u>	<u>47,767,396</u>
<u>FINANCED BY</u>				
<u>REGISTERED CAPITAL</u>	9		1,177,283	1,177,283
<u>PROFIT AND LOSS</u>			<u>49,922,689</u>	<u>46,590,113</u>
			<u>51,099,972</u>	<u>47,767,396</u>



**CATERING AND TOURISM TRAINING INSTITUTE - GUENET HOTEL
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Capital Birr</u>	<u>Profit and loss Birr</u>	<u>Total Birr</u>
Balance at June 01-2020	1,177,283	45,285,146	46,462,429
Profit (Loss) for the year	-	2,804,965	2,804,965
Adjustment	-	(1,500,000)	(1,500,000)
Balance at June 30-2021	1,177,283	46,590,113	47,767,396
Profit (Loss) for the year	-	3,332,576	3,332,576
Prior years adjustment	-	-	-
Balance at June 30-2020	<u>1,177,283</u>	<u>49,922,688</u>	<u>51,099,971</u>



CATERING AND TOURISM TRAINING INSTITUTE - GUENET HOTEL
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Birr</u>	<u>2021 Birr</u>
<u>NET CASH INFLOW FROM OPERATING ACTIVITIES</u>		
Operating profit	3,751,906	2,804,965
Prior year adjustment ,Bonus, support, Gift	-	(1,515,233)
Depreciation	829,243	411,248
Amortization	6,018	6,018
(Increase) / Decrease in stock	(525,789)	(13,909)
(Increase) / Decrease in debtors and prepayments	(1,562,413)	(769,796)
Provision for fence construction	-	961,691
Increase/Decrease in creditors and accruals	<u>3,254,462</u>	<u>1,055,935</u>
	5,753,428	2,940,919
<u>TAXATION</u>		
Withholding tax	(10,742)	-
Profit tax	-	-
	<u>(10,742)</u>	<u>-</u>
<u>CAPITAL EXPENDITURE</u>		
Government bond	-	(1,000,000)
Additions to fixed assets	<u>(5,161,459)</u>	<u>(5,317,175)</u>
	581,227	(3,376,256)
<u>NOTE 1: CHANGE IN CASH AND BANK BALANCES</u>		
Cash and bank balances - Beginning	38,144,399	41,520,655
- Ending	<u>38,725,626</u>	<u>38,144,399</u>
	581,227	(3,376,256)



CATERING AND TOURISM TRAINING INSTITUTE - GUENET HOTEL
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

1. INTRODUCTION

Guenet Hotel, which was previously under Ras Hotels Enterprise, was transferred to Catering and Tourism Training Institute as of July 1, 1998 as a going concern as per letter dated Hidar 29, 1990 from the Federal Democratic Republic of Ethiopia, Office of the Prime Minister, Economic Affairs Section.

2. ACCOUNTING POLICIES

The principal accounting policies adopted and consistently applied with that of the previous year are stated below:-

a) Fixed assets

Fixed assets are stated at cost or valuation less accumulated depreciation. Depreciation is charged on cost or net book value (NBV) at the following rates per annum:

	%	
Buildings	5	on cost
Plant and machinery	20	on NBV
Computers and printers	25	on NBV

All other assets which include (Furniture, fixtures and fittings, office equipment, soft furnishings, kitchen utensils, cutlery, silverware and crockery, glassware and porcelain, motor vehicles and other assets)

b) Deferred expenditure

Deferred expenditure is amortized on reducing balance method at 20% per annum.

c) Stock

Stocks are stated at cost on the first-in, first-out basis.



3. FIXED ASSETS

a) The movement is as follows: -

	Balance 1/7/2021 <u>Birr</u>	Additions <u>Birr</u>	Adjustment <u>Birr</u>	Balance 30/6/2022 <u>Birr</u>
<u>COST / VALUATION</u>				
Buildings	1,086,233	-	6,354,247	7,440,480
Plant and machinery	2,679,074	348,939	-	3,028,013
Furniture, fixtures and fittings	1,284,696	-	-	1,284,696
Computers and printers	271,422	47,213	-	318,635
Office equipment	119,622	-	-	119,622
Soft furnishings	182,816	-	-	182,816
Kitchen utensils	149,438	-	-	149,438
Cutlery, silverware and crockery	86,423	-	-	86,423
Glassware and porcelain	178,030	-	-	178,030
Motor vehicles	702,578	-	-	702,578
Others	532,680	-	-	532,680
Water well	1,402,275	-	-	1,402,275
Construction in progress	<u>4,811,662</u>	<u>4,765,307</u>	<u>(6,354,247)</u>	<u>3,222,722</u>
	<u>13,486,949</u>	<u>5,161,459</u>	<u>-</u>	<u>18,648,408</u>
<u>DEPRECIATION</u>				
Buildings	1,086,233	238,284	-	1,324,517
Plant and machinery	1,534,735	275,961	-	1,810,696
Furniture, fixtures and fittings	1,046,605	47,618	-	1,094,223
Computers and printers	220,101	18,213	-	238,314
Office equipment	114,154	1,094	-	115,248
Soft furnishings	170,699	2,423	-	173,122
Kitchen utensils	125,981	4,691	-	130,672
Cutlery, silverware and crockery	86,223	-	-	86,223
Glassware and porcelain	162,429	3,120	-	165,549
Motor vehicles	678,091	4,897	-	682,988
Water Well Constriction	-	210,341	-	210,341
Others	<u>419,676</u>	<u>22,600</u>	<u>-</u>	<u>442,276</u>
	<u>5,644,927</u>	<u>829,243</u>	<u>-</u>	<u>6,474,170</u>
<u>NET BOOK VALUE</u>	<u>7,842,022</u>			<u>12,174,237</u>



4. DEFERRED EXPENDITURE

	<u>Birr</u>	<u>Birr</u>	2021 <u>Birr</u>
Cost		688,333	688,333
Less:- Amortization - BBF	(658,241)		(652,223)
- Current	(6,018)		(6,018)
		(664,259)	(658,241)
		<u>24,074</u>	<u>30,092</u>

5. STOCK

	<u>Birr</u>	2021 <u>Birr</u>
<u>Stock in Stores and sales center</u>		
Provisions	70,691	46,449
Beverages	78,111	73,647
Cigarettes and matches	24	24
Printing and stationery	153,263	97,734
Empty Bottles	46,380	41,309
Cases and containers	38,554	35,480
Sundry	124,800	70,201
Stock cleaning suppliers	18,701	19,041
Sales center stocks	670,078	290,928
	<u>1,200,602</u>	<u>674,813</u>

6. DEBTORS AND PREPAYMENTS

	<u>Birr</u>	2021 <u>Birr</u>
Trade debtors	2,497,787	1,614,792
Staff debtors	113,619	129,255
Sundry debtors	789,143	154,768
Guest account	928,117	867,278
Purchase advance	-	160
VAT receivables	-	-
	<u>4,328,666</u>	<u>2,766,253</u>



7. CASH AND BANK BALANCES

	<u>Birr</u>	<u>2021</u> <u>Birr</u>
Cash at bank	38,671,700	38,106,822
Cash in hand	<u>53,926</u>	<u>37,577</u>
	<u>38,725,626</u>	<u>38,144,399</u>

8. CREDITORS AND ACCRUED CHARGES

	<u>Birr</u>	<u>2021</u> <u>Birr</u>
Sundry creditors	292,793	312,189
Accruals	51,078	75,050
Taxes and other payroll deductions		319,964
VAT payable	382,202	84,603.00
Service payable	292,894	206,205
Staff debtors with credit balances	5,370	5,370
Trad debtors with credit balances	3,211,606	643,073
Cash indemnity	2,640	2,565
Withholding tax	21,984	-
Pension tax Payable	110,417	-
Ministry of Defense	342,974	-
Employment Income tax payable	<u>189,524</u>	<u>-</u>
	<u>4,903,481</u>	<u>1,649,019</u>

9. CAPITAL

The balance is composed of:-

	<u>Birr</u>	<u>2021</u> <u>Birr</u>
The net book value of Fixed assets and stocks handed over to the Hotel (as on	423,460	423,460
Additional Fixed assets transferred from CTTI to the Hotel in June 2002	315,132	315,132
Valuation of gymnasium building as on Feb. 1,2001	<u>438,691</u>	<u>438,691</u>
Transferred from payable account	<u>1,177,283</u>	<u>1,177,283</u>



10. SALES

	<u>Birr</u>	2021 <u>Birr</u>
Food	15,080,339	7,288,780
Beverages	3,427,191	2,065,067
Bowling and tennis	-	265,078
Cafeteria income	<u>590,893</u>	<u>304,092</u>
	<u>19,098,423</u>	<u>9,923,017</u>

11. COST OF SALES

	<u>Birr</u>	2021 <u>Birr</u>
Food	7,402,713	3,713,009
Beverages	1,836,998	1,045,812
Cigarettes and matches	-	73
	<u>9,239,711</u>	<u>4,758,894</u>

12. OTHER INCOME

	<u>Birr</u>	2021 <u>Birr</u>
Hall rent	197,723	172,293
Other income	987,643	587,692
Parking	97,907	-
Shop rent	4,152,394	3,537,533
Children play	-	120,553
Corkage and breakage	11,780	33,090
Interest income	<u>2,356,606</u>	<u>2,202,464</u>
	<u>7,804,054</u>	<u>6,653,625</u>

13. PROVISION FOR TAXATIONS

	<u>Birr</u>	2021 <u>Birr</u>
Current period profit	3,751,906	
<u>Add:-</u> Penalty Expense	<u>2,468</u>	
	3,754,374	-
	<u>(2,356,606)</u>	
<u>Less:-</u> Interest Income	<u>1,397,768</u>	-
Taxable Profit	419,330	
Profit tax 30%	<u>(10,742)</u>	
<u>Less:-</u> withholding tax receivable	<u>408,588</u>	-

