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**INDEPENDENT AUDITOR'S REPORT TO THE FACTORY OF
 NATIONAL ALCHOL AND LIQUOR FACTORY**

OPINION

We have audited the accompanying financial statements of National Alcohol and Liquor Factory which comprise statement financial position as at June 30, 2020, 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 and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Factory as at June 30, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 Factory in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other 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.

**RESPONSIBILITY OF MANAGEMENT'S AND THOSE CHARGED WITH GOVERNANCE FOR THE
 FINANCIAL STATEMENTS**

Management of the Factory is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

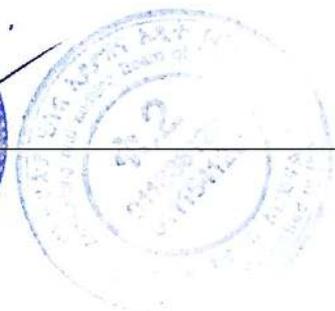
In preparing the financial statements, management is responsible for assessing the Factory's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Factory or to cease operations, or has no realistic alternative but do so.

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

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AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Getachew Wakjira
GETACHEW WAKJIRA
CHARTERED CERTIFIED ACCOUNTANT (UK)
CERTIFIED AUDIT FIRM (ETH)

Addis Ababa
October 5, 2020



NATIONAL ALCOHOL AND LIQUOR FACTORY
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2020

	<u>Notes</u>	<u>2020</u> <u>ETB</u>	<u>2019</u> <u>ETB</u>
Revenue	4	946,741,197	817,512,796
Cost of sales	5	(360,449,004)	(339,303,611)
Gross profit		586,292,193	478,209,185
Other operating income	6	11,202,613	9,985,933
General and administration expense	7	(208,944,049)	(179,782,605)
employee Termination benefit/severance expense	24	(699,793)	(1,421,062)
Operating profit		387,850,964	306,991,452
Finance costs/charges	8	(2,810,040)	(2,136,471)
Profit before tax		385,040,924	304,854,981
Income tax expense	9	(116,000,941)	(91,668,563.07)
Profit for the year		269,039,983	213,186,418
Other comprehensive income			
Net other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)		-	-
Net other comprehensive income not to be reclassified to profit or loss in the subsequent period (net of tax)		-	-
Total comprehensive income for the year net of tax .		269,039,983	213,186,418



NATIONAL ALCOHOL AND LIQUOR FACTORY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020	2019
	s	ETB	ETB
Assets			
Non-current assets			
Property, plant and equipment	11	643,345,589	595,306,108
Right use of asset - land	17	22,133,496	22,231,650
Land improvement		964,252	964,252
Deferred tax asset	10	2,402,384	2,356,426
		<u>668,845,721</u>	<u>620,858,436</u>
Current assets			
Inventories	16	131,452,144	106,816,339
Trade and other receivables	14.2	78,925,400	2,610,899
Advance and Prepayments	15	63,541,774	21,516,181
Cash and short-term deposits	12	175,656,524	67,679,215
		<u>449,575,842</u>	<u>198,622,634</u>
Non-current assets Held For Sale	13	<u>2,056,146</u>	<u>9,350,887</u>
Total assets		<u>1,120,477,709</u>	<u>828,831,958</u>
Equity and liabilities			
Equity			
Issued capital	18	220,985,435	220,985,435
legal reserve	19	34,842,216	21,390,217
Retained earnings	20	(15,027,000)	(16,314,834)
First time IFRS adoption revaluation reserve	21	90,891,772	90,891,772
Total equity		<u>331,692,423</u>	<u>316,952,590</u>
Non-current liabilities			
lease liability	23	19,681,570	20,754,717
Termination benefit liabilities	24	8,007,945	7,854,755
Deferred tax liabilities	10	27,312,779	23,376,721
		<u>55,002,293</u>	<u>51,986,193</u>
Current liabilities			
Trade and other payables	25	26,583,885	26,843,516
Dividend payable	27	466,691,464	286,103,480
Current portion of lease liability	23	607,398	141,648
Income tax payable	9	109,660,002	92,492,575
Other tax and obligation	26	119,235,462	44,590,570
Accruals and other non financial	30	11,004,781	9,721,384
		<u>733,782,992</u>	<u>459,893,174</u>
Total liabilities		<u>788,785,285</u>	<u>511,879,367</u>
Total equity and liabilities		<u>1,120,477,709</u>	<u>828,831,957</u>



NATIONAL ALCOHOL AND LIQUOR FACTORY
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020 ETB	2019 ETB
Operating activities			
Profit before tax		385,040,924	304,854,981
Adjustment for deferred tax		(565,272)	-
Non-cash adjustment to reconcile profit before tax to net cash flows			
Depreciation of property, plant and equipment	11	38,814,185	32,931,078
Amortization of the right use of assets	17	98,153	351,262
Severance expense	24	699,793	1,421,062
Interest expense	8	"	2,136,471
(Gain) / Loss on disposal of property, plant and equipment	11	"	25,238,510
Reversal Of Employee Benefit			(7,440,160)
Sample Goft & Bonus		1,205,320	-
Working capital adjustments:			
Increase in trade and other receivables and prepayments	13,16	(118,340,094)	(3,697,986)
Increase in inventories	16	(24,635,805)	(42,592,057)
Increase in trade and other payables	27,28 & 30	80,187,133	(4,212,317)
		365,314,377	308,990,844
Interest paid	8	(2,810,040)	(2,136,471)
Income tax paid	9	(92,492,576)	(63,831,741)
Net cash flows from operating activities		270,011,761	243,022,632
Investing activities			
Purchase of property, plant and equipment	11	(83,976,215)	(92,510,995)
WHT		(2,450,838)	-
Procedes From Sale Of PPE		-	1,500,000
Net cash flows used in investing activities		(86,427,053)	(91,010,995)
Financing activities			
Payment of lease liabilities	23	(607,398)	(141,648)
Repayment of borrowings	0	-	(29,508,983)
Dividends paid to owners	30	(75,000,000)	(102,000,000)
Net cash flows from/(used in) financing activities		(75,607,398)	(131,650,631)
Net increase/ (decrease) in cash and cash equivalents		107,977,310	20,361,006
Cash and cash equivalents at 1 July,2019		67,679,215	47,318,208
Cash and cash equivalents at 30 June		175,656,525	67,679,214



NATIONAL ALCOHOL AND LIQUOR FACTORY
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2020

	Share Capital ETB	Legal Reserve ETB	Retained Earnings ETB	First time IFRS adoption revaluation reserve	Total ETB
Balance at 30 June 2019	220,985,435	21,390,217	(16,314,834)	90,891,772	316,952,590
Prior Period Adjustment			1,287,834.28		1,287,834
comprehensive income for the year	-	-	269,039,983	-	269,039,983
Dividend To Be declared to state	-	-	(255,587,983)	-	(255,587,983)
Transfer of profit to legal reserve	-	13,451,999	(13,451,999)	-	-
Balance at 30 June 2020	220,985,435	34,842,216	(15,027,000)	90,891,772	331,692,423

