

External Audit Report 2020/2021

REF: HCA/043/21
Independent auditor's report
To National Alcohol & Liquor Factory

Unqualified Opinion

We have audited the financial statements of National Alcohol & Liquor Factory which comprise the statement of the financial position as at 30 June 2021, and the statement of 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 attached financial statements present fairly, the financial position of the National Alcohol & Liquor Factory as at 30 June 2021 and its financial performance, and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

We have no comments to make on the report of Board of Directors of the company in so far as it relates to those financial statements and pursuant to Article 375 of the Commercial Code of Ethiopia 1960 recommend approval of the financial statements.

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 Company in accordance with the international Ethics Standards Board for Accountants' code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Handwritten signature and date:
2021/11/2021

Responsibilities of the Management and those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of a Company report that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



NATIONAL ALCOHOL & LIQUOR FACTORY
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30 2021

	Notes	2021 ETB	2020 ETB
Revenue	4	771,523,856	946,741,197
Cost of sales	5	(296,251,284)	(360,449,004)
Gross profit		475,272,573	586,292,193
Other operating income	6	13,394,964	11,202,613
General and administration expense	7	(232,184,081)	(208,944,049)
Employee Termination benefit/severance expense	25	(794,126)	(699,793)
Operating profit		255,689,329	387,850,964
Finance costs/charges	8	(7,205,766)	(2,810,040)
Profit before tax		248,483,563	385,040,924
Income tax expense	9	(80,604,520)	(116,000,941)
Profit for the year		167,879,043	269,039,982
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 .		167,879,043	269,039,982

 Chief Executive Officer

Mesfin Abate
 Chief Executive
 Officer

 Finance Admin. Executive Officer

Membere Kebede
 Finance Administration
 Executive Officer



NATIONAL ALCOHOL & LIQUOR FACTORY
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30 2021

		2021	2020
	Notes	ETB	ETB
Assets			
Non-current assets			
Property, plant and equipment	11	737,554,506	643,345,588
Right use of asset - land	17	21,782,234	22,133,496
Land improvement		964,252	964,252
Investments in Government bond	0	1,000,000	-
Deferred tax asset	10	2,509,038	2,402,383
		<u>763,810,030</u>	<u>668,845,720</u>
Current assets			
Inventories	16	207,448,728	131,452,144
Trade and other receivables	14.1	90,223,388	78,925,400
Advance and Prepayments	15	24,304,269	63,541,774
Cash and short-term deposits	12	87,997,293	175,656,524
		<u>409,973,678</u>	<u>449,575,842</u>
Non-current assets Held For Sale	13	2,056,146	2,056,146
		<u>2,056,146</u>	<u>2,056,146</u>
Total assets		<u>1,175,839,854</u>	<u>1,120,477,708</u>
Equity and liabilities			
Equity			
Issued capital	18	220,985,435	220,985,435
legal reserve	19	43,236,168	34,842,216
Retained earnings	20	(15,027,000)	(15,027,000)
First time IFRS adoption revaluation reserve	21	90,891,772	90,891,772
		<u>340,086,375</u>	<u>331,692,423</u>
Non-current liabilities			
Long term loans	23	-	-
lease liability	24	19,074,172	19,681,570
Dividend payable	28	-	-
Termination benefit liabilities	25	8,363,458	8,007,945
Deferred tax liabilities	10	32,289,635	27,312,779
		<u>59,727,266</u>	<u>55,002,293</u>
Current liabilities			
Trade and other payables	26	39,353,109	26,583,885
Dividend payable	28	561,176,554	466,691,463
Current portion of long term loan	23	25,816,644	-
Current portion of lease liability	24	607,398	607,398
Income tax payable	9	71,550,523	109,660,003
Other tax and obligation	27	52,177,865	119,235,462
Accruals and other non financial liabilities	31	25,344,122	11,004,781
		<u>776,026,213</u>	<u>733,782,992</u>
Total liabilities		<u>835,753,479</u>	<u>788,785,285</u>
Total equity and liabilities		<u>1,175,839,854</u>	<u>1,120,477,708</u>

General manager

Finance Manager



NATIONAL ALCOHOL & LIQUOR FACTORY
STATEMENT OF CASH FLOW
AS OF JUNE 30 2021

	Notes	2021 ETB	2020 ETB
Operating activities			
Profit before tax		248,483,563	385,040,924
Adjustment for deferred tax			(565,273)
Non-cash adjustment to reconcile profit before tax			
Depreciation of property, plant and equipment	11	52,595,333	38,814,185
Amortization of the right use of assets	17	351,262	98,153
Severance expense	25	794,126	699,793
Interest expense	8	7,205,766	2,810,040
WHT Recivabel		(4,183,795)	(2,450,838)
Reversal Of Employee Benefit		(3,178,687)	-
Sample Gift & Bonus		-	1,205,320
Working capital adjustments:			
Increase in trade and other receivables and prepayments	14,15	27,939,517	(118,340,094)
Increase in inventories	16	(75,996,584)	(24,635,805)
Increase in trade and other payables	26,27 & 31	(37,208,958)	80,187,133
		<u>216,801,543</u>	<u>362,863,538</u>
Interest paid	8	(7,205,766)	(2,810,040)
Income tax paid	9	(109,660,003)	(92,492,576)
Net cash flows from operating activities		<u>99,935,775</u>	<u>267,560,922</u>
Investing activities			
Purchase of property, plant and equipment	11	(146,804,251)	(83,976,215)
Great Rensance Dam Bond		(1,000,000)	
Net cash flows used in investing activities		<u>(147,804,251)</u>	<u>(83,976,215)</u>
Financing activities			
Payment of lease liabilities	24	(607,398)	(607,398)
Borrowing		50,000,000	-
Repayment of borrowings	23	(24,183,357)	-
Dividends paid to owners	31	(65,000,000)	(75,000,000)
Net cash flows from/ (used in) financing activities		<u>(39,790,754)</u>	<u>(75,607,398)</u>
Net increase/ (decrease) in cash and cash equivalents		(87,659,230)	107,977,309
Cash and cash equivalents at 1 July,2020		175,656,524	67,679,215
Cash and cash equivalents at 30 June		<u>87,997,293</u>	<u>175,656,524</u>


Mesfin Abate
Chief Executive Officer

Chief Executive Officer


Jembere Kebede
Finance Administration Executive Officer

Finance Admin. Executive Officer



NATIONAL ALCOHOL & LIQUOR FACTORY
STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED JUNE 30 2021

	Note	Share Capital ETB	Legal Reserve ETB	Retained Earnings ETB	First time IFRS		Total ETB
					adoption	revaluation reserve	
Balance at 30 June 2020		220,985,435	34,842,216	(15,027,000)	90,891,772	331,692,423	
Prior Period Adjustment		-	-	-	-	-	-
comprehensive income for the year		-	-	167,879,043	-	167,879,043	
capitalization of dividend payable		-	-	-	-	-	
Dividend To Be declared to state		-	-	(159,485,091)	-	(159,485,091)	
Transfer of profit to legal reserve		-	8,393,952	(8,393,952)	-	-	
Dividend Transferred To Retained Earning		-	-	-	-	-	
Balance at 30 June 2021		220,985,435	43,236,168	(15,027,000)	90,891,772	340,086,375	

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Chief Executive Officer

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