



HAILEYESUSCHEKOL
Certified Accountant and Authorised Auditor



REF: HCA/267/22
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 2022, 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 2022 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 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 Accounts (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.


Mesfin Abate
Chief Executive
Officer


15/06/2022
Kebede
Finance Administration
Executive Officer





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.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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 statement 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.

Haileyesus Cherkos
 Chartered Certified Accountants &
 Authorized Auditors

Addis Ababa
 11 October 2022



NATIONAL ALCOHOL & LIQUOR FACTORY
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	ETB	June 30, 2021 ETB
Revenue	4	905,644,849	771,523,856
Cost of Sales	5	(382,664,186)	(296,251,284)
Gross Profit		<u>522,980,663</u>	<u>475,272,572</u>
Other Operating Income	6	19,600,924	13,394,964
Selling & Distribution Expense	7	(103,406,833)	(117,907,220)
General and Administrative Expense	8	(125,418,126)	(114,276,861)
Employee Termination Benefit/Severance Expense	25	-	(794,126)
Operating Profit		<u>313,756,628</u>	<u>255,689,329</u>
Earning before interest & tax (EBIT)		<u>313,756,628</u>	<u>255,689,329</u>
Finance Costs/Charges	8	(8,360,244)	(7,205,766)
Profit Before Tax		<u>305,396,385</u>	<u>248,483,563</u>
Income Tax Expense	9	(93,764,843)	(80,604,520)
Profit for the Year		<u>211,631,542</u>	<u>167,879,043</u>
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		<u>211,631,542</u>	<u>167,879,043</u>



Mesfin Abate
Chief Executive Officer



Finance Manager

Sambo Kebede
Finance Administration Executive Officer



NATIONAL ALCOHOL & LIQUOR FACTORY
STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2022

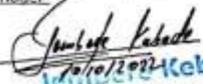


Assets	Notes	2022	2021
		ETB	ETB
Non-current assets			
Property, plant and equipment	11	741,172,442	737,554,506
Right use of asset - land	17	21,430,971	21,782,234
Land improvement		964,252	964,252
Investments in Government bond	14.3	1,000,000	1,000,000
Deferred tax asset	10	1,715,983	2,509,038
		<u>766,283,649</u>	<u>763,810,029</u>
Current assets			
Inventories	16	213,733,289	207,448,728
Trade and other receivables	14.1	24,767,551	90,223,388
Advance and Prepayments	15	69,095,904	24,304,268
Cash and short-term deposits	12	141,912,164	87,997,293
		<u>449,508,907</u>	<u>409,973,677</u>
Non-current assets Held For Sale	13	<u>235,313</u>	<u>2,056,146</u>
Total assets		<u>1,216,027,868</u>	<u>1,175,839,853</u>
Equity and liabilities			
Equity			
Issued capital	18	220,985,435	220,985,435
legal reserve	19	39,609,318	43,236,168
Retained earnings	20	(15,027,000)	(15,027,000)
First time IFRS adoption revaluation reserve	21	90,891,772	90,891,772
Total equity		<u>336,459,525</u>	<u>340,086,375</u>
Non-current liabilities			
Long term loans	23	-	-
lease liability	24	18,466,774	19,074,172
Termination benefit liabilities	25	5,719,942	8,363,459
Deferred tax liabilities	10	31,943,339	32,289,635
		<u>56,130,055</u>	<u>59,727,266</u>
Current liabilities			
Trade and other payables	26	35,305,503	39,353,108
Dividend payable	28	16,174,930	561,176,554
Industrial Development Fund	28.1	401,691,464	-
Current portion of long term loan	23	50,000,000	25,816,644
Current portion of lease liability	24	607,398	607,398
Income tax payable	9	89,383,113	71,550,523
Other tax and obligation	27	199,539,039	52,177,864
Accruals and other non financial liabilities	31	30,736,843	25,344,122
		<u>823,438,289</u>	<u>776,026,213</u>
Total liabilities		<u>879,568,344</u>	<u>835,753,479</u>
Total equity and liabilities		<u>1,216,027,868</u>	<u>1,175,839,854</u>

Finance Manager


Mesfin Abate
Chief Executive Officer




Jemal Kebede
Finance Administration Executive Officer





NATIONAL ALCOHOL & LIQUOR FACTORY
STATEMENT OF CASH FLOW
AS OF 30 JUNE 2022

		2022	2021
		ETB	ETB
Operating activities	Notes		
Profit before tax		305,396,385	248,483,563
Non-cash adjustment to reconcile profit before tax to net cash flows			
Depreciation of property, plant and equipment	11	51,993,197	52,595,333
Reversal of provision		-	-
Recovery of impaired assets		-	-
Amortization of the right use of assets	17	351,262	351,262
Severance expense	25	-	794,126
Interest expense	8	"	7,205,766
WHT Recivable		(3,934,972)	(4,183,795)
Reversal Of Employee Benefit	6	(2,643,517)	(3,178,687)
Sample Gift & Bonus		(2,298,931)	-
Working capital adjustments:			
Increase in trade and other receivables and prepayments	14,15	20,664,202	27,939,517
Increase in inventories	16	(6,284,560)	(75,996,584)
Increase in trade and other payables	26,27 & 31	" "	(37,208,958)
		<u>238,410,892</u>	<u>216,801,543</u>
Interest paid	8	(8,360,244)	(7,205,766)
Income tax paid	9	(71,550,523)	(109,660,003)
Net cash flows from operating activities		<u>158,500,125</u>	<u>99,935,775</u>
Investing activities			
Purchase of property, plant and equipment	11	(55,582,046)	(146,804,251)
WHT		-	-
Reclassification of assets held for sale		1,820,833	-
Great Renaissance Dam Bond		-	(1,000,000)
Proccedes From Sale Of PPE		-	-
Net cash flows used in investing activities		<u>(53,761,212)</u>	<u>(147,804,251)</u>
Financing activities			
Payment of lease liabilities	24	(607,398)	(607,398)
Borrowing	23	50,000,000	50,000,000
Repayment of borrowings	23	(25,816,644)	(24,183,357)
Dividends paid to owners	28	(74,400,000)	(65,000,000)
Net cash flows from/(used in) financing activities		<u>" "</u>	<u>(39,790,754)</u>
Net increase/ (decrease) in cash and cash equivalents		<u>53,914,871</u>	<u>(87,659,230)</u>
Cash and cash equivalents at 1 July,2021		87,997,293	175,656,524
Cash and cash equivalents at 30 June 2022		<u>141,912,164</u>	<u>87,997,294</u>

Mesfin Abate
Chief Executive Officer

Finance Manager

Abel Kebede
Finance Administration Executive Officer

