

NATIONAL VETERINARY INSTITUTE

INDEPENDENT AUDITOR'S REPORT AND ACCOUNTS

AS AT AND FOR THE YEAR ENDED 07 JULY, 2024



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**NATIONAL VETERINARY INSTITUTE
REPORT AND FINANCIAL STATEMENTS
STATEMENT OF MANAGEMENT RESPONSIBILITIES
FOR THE YEAR ENDED 07 JULY, 2024**

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 Company at the reporting date and of its comprehensive income in accordance with the International Financial Reporting Standards (IFRS), 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 Management accepts responsibility for the annual financial statements, which have been prepared using accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS). 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 Company and of its operating results. The Management further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control. The Management also accepts responsibility for:

- 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) keeping proper accounting records that disclose, with reasonable accuracy, the financial position of the Company.

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 company and of its profit or loss.

Nothing has come to the attention of the Management to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Approval of the financial statements

The financial statements, as indicated above, were approved and authorized for issue on behalf by:



Dr. Takele Abayne
Director General



Ato Henok Moges
Finance Director



Getenet Worku Chartered Accountants-UK & Certified Audit Firm

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF NATIONAL VETERINARY INSTITUTE

Opinion

We have audited the accompanying financial statements of National Veterinary Institute, which comprise the statement of financial position as at 07 July 2024, the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information..

In our opinion, except the effects of the matters in the Basis for Qualified opinion paragraphs, the accompanying financial statements give a true and fair view of the financial position of National Veterinary Institute as of 07 July, 2024, and of its profit or loss and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs),

Basis for opinion

Advance collected amounting to ETB 10,241,573.00 treated as sales, and undelivered sales recorded against cost of sales, Under IFRS 15 revenue is recognized and measured using a five step model, revenue recognized without performance obligation is satisfied, as a result we are not satisfied that the reported sales and cost of sales are overstated in addition it is non compliance with IFRS 15.

All direct and indirect costs such as material, labour costs and other overhead costs are not absorbed to the cost of inventory at the year end. Under current practice, vaccines Inventory are being valued at opening standard costing, under IAS 2 Inventory cost should be establish a system where all production costs including direct and indirect material, labour and other overhead costs should be absorbed as part of the cost of inventory; as a result we are not satisfied that the reported Inventory and cost of sales balance are fairly stated; in addition it is non compliance with IAS 2.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard (IFRS) and for the 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.



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Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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.
- Conclude on the appropriateness of the management 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 the management 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.

Addis Ababa
27 January, 2025



Getenet Worku Beyene
Certified Audit Firm



**NATIONAL VETERINARY INSTITUTE
STATEMENT OF FINANCIAL POSITION
AS AT 7 JULY 2024**

Currency: Ethiopian Birr

Assets	Notes	2023	
Non-current assets			
Property, plant and equipment	9	722,182,873	696,778,679
Intangible asset	12	1,164,609	991,629
Right use of asset - land	17	3,441,248	3,441,248
Non-current asset held for sale	11	-	43,708
		726,788,729	701,255,264
Current assets			
Inventories	16	220,268,000	223,415,531
Trade and other receivables	13	127,952,816	61,657,189
Advance and Prepayments	15	9,018,070	3,836,968
Cash and short-term deposits	10	172,064,666	179,789,095
		529,303,552	468,698,783
Total assets		1,256,092,281	1,169,954,047
Equity and liabilities			
Equity			
Paid up capital	19	640,004,058	40,189,122
Donated capital	18	685,687	106,851,601
Capital reserve		-	7,543,588
Legal reserve	20	9,581,305	12,123,809
Retained earning		-	418,557,920
Revaluation reserve		358,874,376	358,874,376
Total equity		1,009,145,426	944,140,416
Non-current liabilities			
Termination benefit liabilities	21	4,753,409	4,978,634
Deferred tax liabilities	8	31,011,353	25,199,507
		35,764,763	30,178,141
Current liabilities			
Trade and other payables	22	170,128,715	169,100,951
Other taxes and obligations	23	2,232,315	2,268,140
Profit tax payables	8	38,821,061	24,266,399
		211,182,091	195,635,490
Total liabilities		246,946,854	225,813,631
Total equity and liabilities		1,256,092,281	1,169,954,047



**NATIONAL VETERINARY INSTITUTE
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 7 JULY 2024**

Currency: Ethiopian Birr

	Notes		2023
Revenue	4	364,474,383	273,319,489
Cost of sales	5	(127,202,323)	(102,962,469)
Gross profit		237,272,060	170,357,020
Other operating income	6	17,854,932	15,596,506
Gain for currency fluctuation	6.1	27,366	823,252
		255,154,357	186,776,778
General and administration expense	7	(97,039,436)	(70,679,848)
Allowance for stock loss and doubtful debts		-	(494,064)
Audit fee		(64,515)	(54,390)
Board Fee		(356,300)	(394,500)
		(97,460,251)	(71,622,801)
Operating profit		157,694,107	115,153,977
Finance costs		-	-
Profit before tax		157,694,107	115,153,977
Profit tax expense	8	(41,975,858)	(26,985,117)
Profit after tax		115,718,249	88,168,860
Deferred tax asset/liability/		(5,811,846)	(6,449,158)
Net profit for the year		109,906,402	81,719,702



NATIONAL VETERINARY INSTITUTE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 7 JULY 2024



Currency: Ethiopian Birr

	Share Capital	Donated capital	Retained earning	Capital Reserve	Legal reserve	Revaluation reserve	Total
July 7 2022	40,189,122	106,457,420	477,776,104	7,543,588	8,037,824	358,874,376	998,878,438
Prior transferred to capital	-	394,182	-	-	-	-	394,182
Additional Donated Capital Goods	-	-	-	-	-	-	-
Prior period adjustment	-	-	112,162	-	-	-	112,162
Tax paid on assessment 2017-2021	-	-	(19,862,905)	-	-	-	(19,862,905)
State dividend, paid in 2023	-	-	(39,467,442)	-	-	-	(39,467,442)
State dividend, payable	-	-	(77,633,717)	-	-	-	(77,633,717)
Transfer to legal Reserve	-	-	(4,085,985)	-	4,085,985	-	-
Profit for the year	-	-	81,719,702	-	-	-	81,719,702
July 7 2023	40,189,122	106,851,601	418,557,920	7,543,588	12,123,809	358,874,376	983,607,862
Additional capital	599,814,936	(106,457,420)	(477,776,104)	(7,543,588)	(8,037,824)	-	-
Additional donated capital goods	-	291,506	-	-	-	-	291,506
Tax paid on assessment 2017-2021	-	-	(6,620,986)	-	-	-	(6,620,986)
State dividend payable	-	-	(38,571,912)	-	-	-	(38,571,912)
Transfer to legal Reserve	-	-	(5,495,320)	-	5,495,320	-	-
Profit for the year	-	-	109,906,402	-	-	-	109,906,402
July 7 2024	40,189,122	685,687	527,466,318	7,543,588	9,581,305	358,874,376	1,048,612,872



**NATIONAL VETERINARY INSTITUTE
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 7 JULY 2024**

Currency: Ethiopian Birr

		2023
Operating activities		
Profit before tax	157,694,107	115,153,977
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	24,321,213	22,946,778
Amortization	241,020	212,210
Change in Severance payable	(225,224)	805,898
Prior period adjustment	-	112,163
Tax paid on assessment	(6,620,986)	(19,862,905)
State dividend. paid in 2023	(48,966,268)	(39,467,442)
Working capital adjustments:		
Decrease in trade and other receivables	(71,476,729)	(39,189,906)
Increase in inventories	3,147,531	(40,684,827)
Increase in trade and other payables	11,473,710	14,969,654
	69,588,374	14,995,600
Withholding Tax paid	(3,154,797)	(2,718,718)
Profit tax paid	(24,266,399)	(17,084,117)
Net cash flows from operating activities	42,167,178	(4,807,235)
Investing activities		
Purchase of property, plant and equipment	(49,725,407)	(37,893,124)
Purchase of Intangible assets	(414,000)	(276,000)
Increase in construction in progress	-	-
Increase in assets held for sale	(43,708)	-
Net cash flows used in investing activities	(50,183,114)	(38,169,124)
Financing activities		
Donation received	291,506	394,182
Net cash flows from/(used in) financing	291,506	394,182
Net increase/ (decrease) in cash and cash equivalents	(7,724,429)	(42,582,175)
Cash and cash equivalents, beginning of the	179,789,095	222,371,270
Cash and cash equivalents, end of the year	172,064,666	179,789,095



**NATIONAL VETERINARY INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 7 JULY 2024**

Currency: Ethiopian Birr

1. Company information

The National Veterinary Institute is government owned organization established in 1964 G.C, since its establishment the institute was engaged in manufacturing & distribution of veterinary vaccines for Ethiopian pastoralists. After it was re-established as public enterprise in 1999Gc as per Council of Ministers Regulations No. 52/1999, the principal activities mandated were produce vaccines Of international standard for various animal diseases; formulate and produce different veterinary drugs; produce biological and reagents to be used for production and research on animal diseases; and to sell its products in the local and export markets. By now the institute was establishing veterinary drug manufacturing plant. As a center of excellence for veterinary vaccine and drug, the institute was playing a great roll in assisting animal health and earning foreign currency for countries economy from export.

National Veterinary Institute is established on July 7, 1999 GC as per the Council of Ministers Regulations No. 52/1999 with an authorized capital of Birr 40,189,122.00 but on 21st March 2024 s per the Council of Ministers Regulations No.542/2024 amended its authorized and paid up capital to 2,560,016,232.00 and 640,004,058 respectively. The head quarter of the Institution is located in Bishoftu Town, Oromia Regional State ,Ethiopia.

The objective of the Institute is;

- To produce vaccines of international standard for various animal diseases;
- To formulate and produce different veterinary drugs;
- To produce biological and reagents to be used for production and research on animal diseases;
- To sell its products in the local and export markets;
- To engage in other related activities conducive to the attainment of its purposes.

2. Significant accounting Policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (ISAB).

The financial statements have been prepared on a historical cost basis. However, property, plant and equipment have been revalued for the purposes of obtaining a deemed cost in its opening IFRS statement of financial position dated 30 Sene 2008.

The financial statements are presented in Ethiopia Birr ('ETB') which is the Institution's functional currency.

2.2 Going concern

The institute prepares financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. The management has no doubt that the Institute will remain in existence after 12 months.



NATIONAL VETERINARY INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 7 JULY 2024

Currency: Ethiopian Birr

2.2.1 Accrual basis of accounting

The institute prepares its financial statements, except for cash flow information, using the accrual basis of accounting. The institute recognizes items as assets, liabilities, equity, income and expenses when they satisfy the definitions and recognition criteria for those elements in the conceptual framework of IFRS.

2.2.2 Materiality and aggregation

The institute presents separately each material class of similar items and presents separately items of a dissimilar nature or function unless they are immaterial.

2.2.3 Offsetting

The institute does not offset assets and liabilities or income and expenses, unless required or permitted by an IFRS or Supervising Authority.

2.2.4 Frequency of reporting

The Institute presents a complete set of financial statements including comparative information twice a year (i.e. Semi-annual & Annual Report). Financial reports prepared for Management decision purpose will be presented Quarterly.

2.2.5 Comparative informations

The institute presents two statements of financial position, two statements of profit or loss and other comprehensive income, two statements of cash flows and two statements of changes in equity, and related notes in order to show comparative information in respect of the preceding period for all amounts reported in the current period's financial statements.

2.2.6 Consistency of presentation

The institute retains the presentation and classification of items in the financial statements from one period to the next unless:

- It is apparent, following a significant change in the nature of the institutes' operations or a review of its financial statements, that another presentation or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies in IAS 8; or
- An IFRS requires a change in presentation.

2.2.7 Other accounting policies

- Cost model is applied to recognized & measure PPE, IP and IA.
- Prepayments are initially recorded as an asset.
- Advance collections are initially recorded as a liability.
- The Functional & Reporting currency is ETB.
- Leased assets' low value is less than Birr.500,000 and shall be classified as operating lease.



**NATIONAL VETERINARY INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 7 JULY 2024**

Currency: Ethiopian Birr

- Strait line method of Depreciation for PPE.

2.3 Summary of significant accounting policies

The following are the significant accounting policies applied by the institute in preparing its financial statements:

2.3.1 Current versus non-current classification

The Institution presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period, OR

Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non - current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the statement of the liability for at least twelve months after the reporting period.

The Institute classifies all other liabilities as non-current.

Differed tax assets and liabilities are classified as non-current assets and liabilities.

2.3.2 Fair value measurement

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or the liability under current market conditions, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

The National veterinary Institute used cost model for PPE valuation and stocks of finished goods and inputs are measured at net realizable value.

2.3.3 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the enterprise and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.



**NATIONAL VETERINARY INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 7 JULY 2024**

Currency: Ethiopian Birr

The institute has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

- **Sales of Vaccines** - Revenue from the sale of vaccines is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of vaccines is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates if any
- **Sales of services** - are recognized in the period in which the services are rendered, by reference to completion of the specific transaction.
- When the outcome of the transaction cannot be estimated reliably, revenue should be recognized only to the extent of the expense recognized that are recoverable.

The institute shall use and apply the following summarized five steps when recognizing revenue in accordance with the Standards core principle. The steps are:

- **Step 1:** Identify the contract(s) with a customer.
- **Step 2:** Identify the performance obligations in the contract.
- **Step 3:** Determine the transaction price.
- **Step 4:** Allocate the transaction price to the performance obligations in the contract.
- **Step 5:** Recognize revenue when (or as) the institute satisfies a performance obligation.

When a contract with a customer does not meet the above criteria and the institute receives consideration from the customer, it shall recognize the consideration as a liability. The institute shall recognize such consideration received as revenue only when either of the following events has occurred:

- The institute has no remaining obligations to transfer goods or services to The customer and all, or substantially all, of the
- consideration promised by the customer has been received by the entity and is non-refundable; or
- The contract has been terminated and the consideration received from the customer is non-refundable.

2.3.4 Foreign currencies

Transactions in foreign currencies are initially recorded by the Institution at their respective functional currency spot rate at the date the transaction first qualifies for recognition.



NATIONAL VETERINARY INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 7 JULY 2024

Currency: Ethiopian Birr

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Institution's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is classified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

2.3.5 Grants (Donation)

Grants are recognized where there is reasonable assurance that grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate are expensed. Where the grant relates to an asset, it is recognized as income in equal amount over the expected useful life of the related assets.

When the Institute receives non monitoring grants, the asset and the grant are recorded gross at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual installments.

2.3.6 Taxes

Current income tax

Current income tax asset and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in the countries where the Institution operates and generate taxable income. Taxable profit differs from profit reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Institution's liability for current tax is calculated using tax rates that have been enacted by the end of the reporting period.

Current income tax relating to items recognized directly in equity if any is recognized in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and it establishes provisions where appropriate.



NATIONAL VETERINARY INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 7 JULY 2024

Currency: Ethiopian Birr

The Institute classifies three vehicles in 2018 as held for sale that are out of use one vehicle due to total damage encountered on Aug 06/2017 and the remaining due to obsolesce and economically un feasible for maintenance. Reported under current assets at their carrying value ETB 1,728,533.00. From these the institute collects compensation from Ethiopian Insurance corporation equal to sum insured ETB 2,022,350, as a result the proceed was recorded as gain on disposal to income account. The Ending balance of the account ETB 2,000 shows book value of two vehicles yet not sold.

2.3.8 Property, plant and equipment

Property, plant, and equipment is initially recognized at cost. The cost of an item of property, plant, and equipment includes

- Its purchase price and duties paid;
 - Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in its intended manner.
 - Materials, lab our and other inputs for self-constructed assets.
- The institute has chosen to implement the cost model, therefore subsequently the carrying amount of an item of property, plant, and equipment is measured as cost less accumulated depreciation and impairment losses.
- The depreciation method applied to an asset should be reviewed at least at each financial year-end.
 - If there has been a significant change, change should be accounted for as a change in an accounting estimate in accordance with IAS 8.
 - Depreciation starts when the asset is ready for use and ends when the asset is de-recognized or classified as held for sale.
 - If the cost of Subsequent repair or improvement made to a depreciable asset during the year exceeds 20% (twenty percent) of the net book value of the PPE, the whole cost of the repair or improvement shall be added to the net book value of the PPE.

Whenever there is an indication of impairment the PPE will be treated as per IAS 36. The Institutes Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Some categories of PPE (Large machines, Vehicles and Buildings) are stated at Revalued amounts used as a deemed cost at opening IFRS Financial Position date (08 July 2016), net of accumulated depreciation and/or accumulated impairment losses, if any, when significant parts of property, plant and equipment are required to be replaced at intervals, the Institution recognizes such parts as individual assets with specific useful lives and depreciates them according. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if it's probable that future economic benefits associated with the items will flow to the Institution and the cost the item can be measured reliably.

When the cost of a major inspection is included in the carrying amount of items of PPE, the remaining carrying amount of the previous inspection is derecognized. All others repair and maintenance costs are recognized in the profit and loss as incurred.



NATIONAL VETERINARY INSTITUTE
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED 7 JULY 2024

Currency: Ethiopian Birr

8 Taxation

(a) Provision for Taxation

a) Taxation charge

Profit before taxation

Less back : Disallowed expenses

Interest Income

Add back : Disallowed expenses

Entertainment

Penalty

Stocks written off

Social responsibility

Add: Depreciation expense (as per client policy)

Less: Depreciation expense (as per tax law)

Net adjustment

Taxable profit

Taxation Charge at 30%

Less: Withholding tax paid-Current

(b) Movement of profit tax payable

Balance brought forward

Settlement during the year

Profit tax overpaid

Provision for profit tax-current

Less: Withholding tax paid-Current

Profit tax payable

(c) Deferred tax asset/liability/

Balance brought forward

Depreciation-as per tax law

Depreciation-as per accounting policy

Temporary differences

Deferred tax asset/liability(30%)

Ending balance

2023

115,153,977

(5,327,440)

1,003,775

123,210

494,064

-

111,447,584

23,905,243

(45,402,437)

(21,497,194)

89,950,391

26,985,117

(2,718,718)

24,266,399

2023

17,084,117

(17,084,117)

26,985,117

(2,718,718)

24,266,399

(18,750,349)

(45,402,437)

23,905,243

(21,497,194)

(6,449,158)

(25,199,507)

157,694,107

(5,223,192)

2,885,600

51,718

-

3,884,117

159,292,347

24,562,234

(43,935,055)

(19,372,821)

139,919,527

41,975,858

(3,154,797)

38,821,061

24,266,399

(24,266,399)

41,975,858

(3,154,797)

38,821,061

(25,199,507)

(43,935,055)

24,562,234

(19,372,821)

(5,811,846)

(31,011,353)

