CATERING & TOURISM TRAINING INSTITUTE GUENET HOTEL AUDITORS' REPORT AND ACCOUNTS BASED ON IFRS JUNE 30, 2024

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Getachew Wakjira

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CATERING & TOURISM TRAINING INSTITUTE GUENET HOTEL FULL IFRS FINANCIAL STATEMENTS REPORT TABLE OF CONTENTS FOR THE YEAR ENDED JUNE 30 2024

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CATERING & TOURISM TRAINING INSTITUTE GUENET HOTEL FULL IFRS FINANCIAL STATEMENTS REPORT MANAGEMENT, PROFESSIONAL ADVISORS AND REGISTERED OFFICE FOR THE YEAR ENDED JUNE 30 2024

Company TIN number

`0001795308

Executive management (as of June 30 2024)

Ato Tilahun Zewdu G/Manager W/r Etsegenet Teshome Finance Manager

Independent auditors

Ato Getachew wakegira P.O. Box 1608 XXX Addis Ababa Ethiopia

Corporate office

Guenet Hotel P.O. Box 397 Addis Ababa Ethiopia

Bank Branch

Commercial Bank of Ethiopia Kirkos Kebele Branch Current Account 1000007854963 Saving Account 1000326533177





CATERING & TOURISM TRAINING INSTITUTE GUENET HOTEL FULL IFRS FINANCIAL STATEMENTS REPORT REPORT OF THE MANAGEMENT FOR THE YEAR ENDED JUNE 30 2024

Management has pleasure of presenting their report on the affairs of Guenet Hotel together with the financial statements for the year ended 30 June 2024, to the stakeholders of Guenet Hotel. This report discloses the financial performance and state of affairs of the Enterprise

Incorporation and address

Guenet Hotel, whach was previously under Ras Hotels Enterprise a business undertaking company transferd to Catering & Tourism Training Institute as of July 1,1998 as a going concern as per lettere dated Hidar 29, 1990 form the federal demorcratic Republic of Ethiopia, office of the Prime Minister, Economic Affairs Section.

Principal activities

The Company is principally engaged in:

- 1 Tourism and hospitality Industry,
- 2 Training & education service
- 3 Wedding Service,
- 4 And take a part in other endeavors that would enhance Company's business objectives

Operating results

The Enterprise's results for the year ended 30 June 2024 are set out on page 8. The profit for the year has been transferred to retained earnings. The summarized results are presented below.

	-	30 June ETB
Revenue	60,538,842	37,208,311
Profit before income tax Income tax expense	7,368,214 (2,987,228)	(3,966,041) 1,764,099
Total comprehensive income for the year		(2,201,942)

Management

The management who held office during the year and to the date of this report are set out on page 3.

Ato Tilahune Zewdu General Manager Addis Ababa, Ethiopia

W/ro: Etsegenet Teshome

Finance and Administration Manager



GETACHEW WAKJIRA ARTERED CERTIFIED ACCOUNTANT (

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

Office <u>011-515 78 06 - 011 -552 05 80</u>

Mobile <u>0911- 21 20 87</u> Fax <u>251-011-552 05 80</u> P. o. Box 40418

Ref. No. 040 6w/1

Addis Ababa, Ethiopia

AUDITORS' REPORT TO THE SHAREHOLDERS OF CATERING & TOURISM TRAINING INSTITUTE GUENET HOTEL ON THE ACCOUNTS OF CATERING & TOURISM TRAINING INSTITUTE GUENET HOTEL

OPINION

We have audited the accompanying financial statements of Catering & Tourism Training Institute Guenet Hotel which comprise statement financial position as at June 30, 2024, 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 Company as at June 30, 2024, 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 Company 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 Company 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.

e-mail getwak611@gmail.com

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 has no realistic alternative but to do so.

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

<u>AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS</u>

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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We have no comments to make on the reports of the Board of Directors of the company so far as it related to these financial statements and pursuant to Article 349/1 of the commercial code of Ethiopia 2021 and we recommend pursuant to article 349/2 approval of the financial statements.

CHARTERED CERTIFIED ACCOUNTANT (UK)

CHARTERED CERTIFIED AUDIT FIRM (ETH)

Addis Ababa October 2, 2024



GUENET HOTEL FULL IFRS FINANCIAL STATEMENTS REPORT STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE YEAR ENDED JUNE 30 2024

The Commercial Code of Ethiopia 1960 requires the Management to prepare financial statements that represent the state of affairs of the Company at the end of the financial year and the operating results of the Company for that year. The Commercial Code of Ethiopia 1960 also requires the Management to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. The Management is also responsible for safeguarding the assets of the Company.

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 the manner required by the Commercial Code of Ethiopia of 1960, 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.

- 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; a)
- Selecting suitable accounting policies supported by reasonable and prudent b) judgments and estimates, that are consistently applied; and
- c) keeps 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 ctatement anet Teshome

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GETACHEW WAK CERTIFIED AUDIT FIRM

The County of th Signed on behalf of the Management by:

St. Salar

Ato Tilahur General Manager W/ro: Etsegenet Teshome

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Finance and Administration Manage

Finance Head

GUENET HOTEL STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30 2024

		30 June 2024	30 June 2023
	Notes	ЕТВ	ETB
Revenue	5	60,538,842	37,208,311
Cost of sales	7	(36,578,626)	(13,261,806)
Gross profit		23,960,217	23,946,505
Other income	6	3,776,488	3,934,815
	2	27,736,704	27,881,320
Operating Expenses			
General and administrative expense	s 9	(20,291,641)	(31,751,954)
Finance cost on Saving Account	8	(76,849)	(95,406)
	,	(20,368,491)	(31,847,360)
Profit before tax		7,368,214	(3,966,041)
Income tax expense	10.1	(2,987,228)	1,764,099
Profit after tax for the year		4,380,986	(2,201,942)
Other comprehensive income, net of income tax:			-
Remeasurement gain/(loss)on retirement benefits obligations		-	-
Deferred tax (liability)/asset on remeasurement gain or loss	,	_	
Other comprehensive income, net of income tax		_	
Total comprehensive income for			
the year		4,380,986	(2,201,942)

The notes on pages 5 to 39 are an integral part of these financial statements.





	Natas	JUNE 30, 2024	JUNE 30, 2023
ASSETS	Notes _	ЕТВ	ETB
Non-Current Assets			
Property, Plant and Equipment	11	145,934,298	138,770,371
Investement Property	10.6	5,238,105	5,557,206
Right of Use land	12	1,304,774,673	1,304,774,673
Bond -Instrument	_	1,000,000	1,000,000
Total Non-Current Assets	-	1,456,947,075	1,450,102,249
Current Assets			
Inventories	13	1,603,364	1,158,298
Trade Receivables	14	3,043,294	51,795
Other Receivables	15	414,758	194,212
Cash and Bank Balances	16	30,335,039	32,985,743
Total Current Assets	_	35,396,455	34,390,047
Total Assets	_	1,492,343,531	1,484,492,297
EQUITY AND LIABILITIES			
Equity			
Paid Up Capital	17	1,177,283	1,177,283
Retained Earnings	18	30,303,202	26,813,727
Deemed Cost In excess of carrying		1,407,895,221	1,407,895,221
Legal Reserve	20	1=	1
Total Equity		1,439,375,706	1,435,886,231
Non-Current Liability			
Provsion for fence Construction	22	850,703	850,703
Retirement Benefit Obligation	23	2,906,121	2,878,517
Deferred Tax Liability	10.4	34,636,184	37,078,619
Total Non-Current Liability	_	38,393,008	40,807,839
Current Liabilities			
Trade Payables	24	3,748,409	958,682
Other Liabilities	25	5,568,780	5,140,233
Current Income Tax Liabilities	10.3	5,257,625	1,699,310
Total Current Liabilities		14,574,814	7,798,226
Total Liability	_	52,967,822	48,606,065
Total Equity and Liabilities	_	1,492,343,531	1,484,492,297

The notes on pages 5 to 39 are an integral part of these financial statements.

Addis Ababa Ethiopia

GETACHEW WAKIRA

The financial statements on pages 5 to 39 were approved and authorized for issue by the Company management on October 2, 2024 and were signed on its behalf by:

Ato Tilahune Zewdu General Manager

W/ro: Etsegenet Teshome Finance and Administration Manager



GUENET HOTEL STATEMENT OF CHANGES IN EQUITY AS AT JUNE 30, 2024

		Paid up capital	Retained earnings	Reserve for excess deemed cost over carrying value	Total
	Note	ETB	ЕТВ	ЕТВ	ETB
As at 31 JULY 2022		1,177,283	41,544,003	1,407,895,221	1,450,616,507
Profit for the year	18	-	(2,201,942)	-	(2,201,942)
Other comprehensive income		» 	_	_	-
Total Comprehensive Income For The Year	,		(2,201,942)		(2,201,942)
Transfer to Legal Reserve		=	-	-	-
Paid to Dividend Payment to ERCA Rollover adj		-	(11,693,856) (834,478)	-	(11,693,856) (834,478)
-			(12,528,333)	-	(12,528,333)
As at 30 JUNE 2023		1,177,283	26,813,728	1,407,895,221	1,435,886,232
As at 1 JULY 2023	-	1,177,283	26,813,728	1,407,895,221	1,435,886,232
Profit for the year Other comprehensive income	18	-	4,380,986	Ξ.	4,380,986
Total Comprehensive Income For The Year	_		4,380,986	-	4,380,986
Transfer to Legal Reserve Paid to Dividend Payment to ERCA Profit	tax	į	-		-
Assessement		-1	(236,253)	-	(236,253)
Rollover adjustment Bor	nes	=	(444,983)	.=	(444,983)
Opening Stock Adjustme	nt _		(210,274) (891,510)		(210,274)
2024	_	1 177 202		4.407.007.004	(891,510)
2024	=	1,177,283	30,303,204	1,407,895,221	1,439,375,708
The notes on pages 5 to Prior Period Adjustme	nt				
Payment to ERCA Profit t E.C	ax u	nder stated as	s per tax assesseme	nt in the year 2015	236,253
Rollover adj bones Exper	ises	for the year 20	015 E.C		455,483
Over bones Payment Rep	lanis	sh (Yitaseb/GN	1)		(10,500)
Other Adjustment Stock at Sales Center op 360,748.75)	ening	g Balance Adju	ıstment (Birr 521,27	6-Birr Lan Age	49,746
,	1	Addis At Ethiop	paba pia VAKJIRA CCOUNTAIN	OTTO STATE OF A TOP OF THE STATE OF THE STAT	160,527 891,510

GUENET HOTEL STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30 2024

		30 June 2024	30 June 2023
	Notes	ЕТВ	ЕТВ
Cash Flows From Operating Activiti	ies		
Cash generated from operations	26	17,744,742	11,409,977.07
Interest paid on Saving Account	8	(76,849)	-
Prior Period Adjustment		(655,257)	_
Income tax paid	10.3	(1,935,563)	(12,162,458)
Net cash generated from (used in)			
operating activities		15,077,072	(752,481)
Cash Flows From Investing Activities	es		
Acquisition of investment security		-	_
Acquisition of property, plant and equipment			
cash payment for construction in		(17,632,589)	(4,767,741)
Proceeds from sales of PPE			63.400
Net cash generated from (used in)			63,400
investing activities		(17,632,589)	(4,704,341)
Cash Flows From Financing	,		(1/201/01/2)
Bank laons		_	
Refunds/settlements		(38,346)	(283,061)
Additional Investment			-
Settlement of Lease Obligation	21		
Net cash generated from (used in)			
financing activities	9 -	(38,346)	(283,061)
Net increase (decrease) in cash and cash equivalents		(2,593,863)	(5,739,883)
Cash and Cash equivalents at the	16	(=,555,555)	(3,733,003)
beginning of the year	10	32,928,902	38,725,626
Cash and Cash equivalents at the	16		
end of the year	=	30,335,039	32,985,743
Cash and cash equivalent is compo	sed of:		
Cash on hand		101,898	56,841
Cash at bank	_	30,233,141	32,928,902
2440 9086	_	30,335,039	32,985,743
CF 498 PNAT BCEA	34		

Addis Ababa Ethlopia

PARTERED CERTIFIED ACCOUNTANT OF

1 General information

Guenet Hotel, whach was previously under Ras Hotels Enterprise a business undertaking company transferd to Catering & Tourism Training Institute as of July1,1998 as a going concern a per lettere dated Hidar 29,1990 form the federal demorcratic Republic of Ethiopia,office of the Prime Minister, Economic Affairs Section.

Company's business objective as stipulated in the Memorandum of Association includes the following activities:

- 1 To engage in tourism and hospitality Industry,
- 2 Training & education service
- 3 Wedding Service,
- 4 To engage in service delivery,

5 And to take part in other endeavors that would enhance Company's business

COMPANY LOCATION

At present, the company's head office is located in Addis Ababa City Administration, Kirkos Sub City, Woreda xxx, House no.xxx..

2 Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Basis of preparation

The financial statements for the year ended June 30,2024 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").Additional information required by national regulations are included where appropriate.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial The Company has prepared its 1st IFRS report on June 30/2023 in accordance with International Financial Reporting Standards (IFRS).

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed





The financial statements have been prepared on a going concern basis. The Management has no doubt that the Company would remain in existence for the next 12 months

2.2.2 Changes in accounting policies and disclosures

New Standards, amendments, interpretations issued but not y

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after JUNE 30,2024, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Companywhich is set out below:

1 January 2024 New accounting standards or amendments

- Non-current Liabilities with Covenants-Amendments to IAS 1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1
- Lease Liability in a Sale and Leaseback Amendments to IFRS 16
- Classification of Liabilities as Current or Non-current Amendment to IAS 1-

New IFRS accounting standards effective after 1 April 2024

- Amendment to IAS 1 Non-current liabilities with covenants
- Amendment to IFRS 16 Leases on sale and leaseback
- Amendment to IAS 7 and IFRS 7 Supplier finance
- Amendments to IAS 21 Lack of Exchangeability

GUENET HOTEL NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2024

2 Summary of significant accounting policies (continued)

IFRS 16 Leases

This standard was issued in January 2016 (Effective on after 1 January 2019) . It sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The

Company as lessee:

- Lessees are required to recognize a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any remeasurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the



revaluation model.

- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognized in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the
 original discount rate when there is a change in the amounts expected to be
 paid in a residual value guarantee or when there is a change in future
 payments because of a change in index or rate used to determine those
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognized in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding

2 Summary of significant accounting policies (continued)

2.2.2 Changes in accounting policies and disclosures (continued)

New Standards, amendments, interpretations issued but not yet effective (c

- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed.
- Does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property.IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Company as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 - 2017 cycle

Amendments to IAS 23 Borrowing Costs: Annual Improvements to IFRS 2015 - 2017 cycle

The amendment specifies that when determining the weighted average borrowing rate for purposes of capitalizing borrowing costs, the calculation excludes borrowings which have been made specifically for the purposes of obtaining a qualifying asset, but only until substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

The effective date of the amendment is for years beginning on or after 1 January 2019 and the impact of this amendment is currently being assessed.

Addis Ababa
Ethiopia

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CERTIFIED ACCOUNTANT
CERTIFIED AUDIT FIRM (ET)

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The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. Specifically, if it is probable that the tax authorities will accept the uncertain tax treatment, then all tax related items are measured according to the planned tax treatment. If it is not probable that the tax authorities will accept the uncertain tax treatment, then the tax related items are measured on the basis of probabilities to reflect the uncertainty. Changes in facts and circumstances are required to be treated as changes in estimates and applied prospectively.

The effective date of the amendment is for years beginning on or after 1 January 2019 and the impact of this amendment is currently being assessed.

Amendments to IAS 28 - Long-term Interests in Associates and Joint Venture

The amendment clarifies that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance

2 Summary of significant accounting policies (continued)

2.2.2 Changes in accounting policies and disclosures (continued)

Amendments to IAS 28 - Long-term Interests in Associates and Joint Venture (Continued)

The amendments apply retrospectively to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. Specific transition provisions apply depending on whether the first-time application of the amendments coincides with that of IFRS 9.

2.3 Foreign currency translati

a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The functional currency and presentation currency of the Company is the Ethiopian Birr (ETB).

h) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognized in profit or loss within other (loss)/income. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measure at fair value, such as equities classified as available for sale, are included in other comprehensive income.

2.4 Property, plant and equipment

Deemed Cost

The Company has elected to measure its items of property, plant and equipment at the date of transition to IFRSs at their Revalued amount and use the Revalued amount as deemed cost at that date. Accordingly, the Company has measured the revalued amount of its property, plant and equipment by establishing capable independent valuator and the reconstructed historical cost was taken as deemed cost in the preparation of the statement of financial position as at 31 December





Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses if any. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognized in the statement of profit or loss as incurred.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Asset class

Estimated economic Life Building 50 Motor vehicles and Machinery 12 Office furniture and equipment 10 Computer and accessories 10 Office equipment 10 Plant and Machinery 15 Garage Tools

The Company commences depreciation when the asset is available for use. Freehold land is not depreciated.

12

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

Summary of significant accounting policies (continued)

2.4 Property, plant and equipment (Continued)

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Properties in the course of construction are carried as work in progress at cost, less any recognized impairment loss. Cost includes professional fees. Such properties are reclassified to the appropriate categories of asset when completed and ready for

2.5 Impairment of non-financial asset

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cashgenerating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.





The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.6 Financial assets

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

2.7 Financial instruments - initial recognition and subsequent me

Classification and initial measurement of

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)
 In the periods presented the Company does not have any financial assets categorized as FVOCI.

2 Summary of significant accounting policies (continued)

2.7 Financial instruments - initial recognition and subsequent measurement (cor Classification and initial measurement of financial assets (continued)

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other

Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding





After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorized at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting The category also contains an equity investment. The Company accounts for the investment at FVTPL and did not make the irrevocable election to account for the any equity investment at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of IFRS 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognized in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. This replaced IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortized cost and FVOCI, trade receivables, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

2 Summary of significant accounting policies (continued)

2.7 Financial instruments - initial recognition and subsequent measurement (cor

Impairment of financial assets (continued)

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

Impairment of financial

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.





The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 4.4 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Classification and measurement of financial

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derecognition of financial liabilities

Financial liabilities are derecognized when they have been redeemed or otherwise extinguished.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where The Company has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legal enforceable right must not be contingent on future events and must be enforceable in the

2 Summary of significant accounting policies (continued)

2.7 Financial instruments - initial recognition and subsequent measurement (Co

2.8 Other assets

(a) Prepayments

Prepayments are payments made in advance for services to be enjoyed in future. The amount is initially capitalized in the reporting period in which the payment is made and subsequently amortized over the period in which the service is to be enjoyed.

(b) Other receivables

Other receivables are recognized upon the occurrence of event or transaction as they arise and cancelled when payment is received.

The Company's other receivables are staff advances and other receivables from

2.9 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with Banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings as current liabilities in the statement of financial position.

2.10 Revenue recognition

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The entity recognizes revenue when it transfers control over a good or service to a customer. Revenue is presented net of value added tax (VAT), rebates and discounts and after eliminating

Revenue is recognized at an amount that reflects the consideration to which company expects to be entitled for performing its services for a customer. Income is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognizes income when it has fulfilled its obligation and the right to receive the related sum as

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Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the company's activities. Income is recognized when it is probable that the economic benefits associated with a transaction will flow to the company and the amount of income, and associated costs incurred or to be incurred

The entity revenues are earned mainly from the following services:

- · Tourism and hospitality,
- · Car rental business,
- · wedding car rental and event organization,
- · Air transport ticket sales and Delivery Services

Revenue from provision of services is recognized when all the following conditions have been satisfied:

- The company has transferred to the buyer the significant risks and rewards of ownership of the goods services;
- The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold service provided;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will
- The costs incurred or to be incurred in respect of the transaction can be measu

Investment income

Interest income is recognized in the statement of profit or loss as it accrues and is calculated by using the EIR method. Fees and commissions that are an integral part of the effective yield of the financial asset are recognized as an adjustment to the EIR of the instrument.

Investment income also includes dividends when the right to receive payment is established.

Dividend income

This is recognized when the Company's right to receive the payment is established, which is generally when the shareholders approve and declare the dividend.

Other instances of revenue are recognized when the underlying quid pro quo requirements have been fairly met and the right to receive the related sum is

2.11 Employee benefits

The Company's only post-employment schemes is defined contribution pension wages, saiaries and annual

a) leave

Wages, salaries, bonuses, other contributions, paid annual leave and sick leave are accrued in the year in which the associated services are rendered by employees of the Company.

2 Summary of significant accounting policies

2.11 Employee benefits (continued)

(b) Defined contribution plan

The Company operates one defined contribution plan;

Pension scheme in line with the provisions of Ethiopian pension of private organization employees proclamation 715/2011. Funding under the scheme is 7% and 11% by employees and the Company respectively;

Once the contributions have been paid, the Company retains no legal or constructive obligation to pay further contributions if the Fund does not hold enough assets to finance benefits accruing under the retirement benefit plan. The Company's obligations are recognized in the profit and loss account.





2.13

The Company measures financial instruments classified as available-for-sale at fair value at each statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are, summarized in the following notes:

- ullet Disclosures for valuation methods, significant estimates and assumptions note 4.6.1.
- · Quantitative disclosures of fair value measurement hierarchy note 4.6.2.
- Financial instruments (including those carried at amortized cost) note 4.6.2. Fair value is 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- \bullet Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- \bullet Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Management determines the policies and procedures for both recurring fair value measurement, such as available-for-sale financial assets.

For the purpose of fair value disclosures, the Company has determined classes of **2.13 Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as other operating expenses.

2.14 Paid Up capital

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds. The excess of the issue price over the par value is recorded in the share premium reserve.

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Reserve for deemed cost over carrying value

2.15 Deemed Cost

In Transition to IFRS, the excess of deemed cost (fair value) over the carrying value of properties plant and equipment and ROU Assets is credited either to retained earnings or another form of equity, as appropriate. One of the conditions when such difference is credited to another form of equity is when there is a regulatory restriction of its distribution to shareholders. The Commercial Code of Ethiopia 1960 stipulates that dividend can be distributed only from reserves in the approved balance sheet resulting from profit after taxation. Therefore, the increase of the fair value over the carrying value of such long-term assets at date of transition to IFRS does not qualify to be credited to retained earnings, hence has been credited to a non-distributable reserve under the heading" Reserve for Excess deemed cost over carrying value". Management believes that as the assets are used by the Company with the passage of time the surplus will crystalize/ will be earned. Therefore, the surplus would be transferred to retained earnings each time a revalued asset is

2.16 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement convevs a right to use the asset.

Company as a lessee

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term. Contingent rental payable is recognized as an expense in the period in which it is incurred.

Company as a lessor

Leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income is recorded as earned based on the contractual terms of the lease in Other operating income. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the

2.17 Income taxation

(a) Current income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Ethiopia. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax

(b) Deferred tax

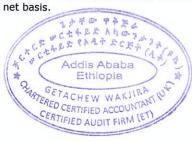
Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the Deferred tax assets are recognized only to the extent that it is probable that future

taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.





Significant accounting judgments, estimates and

The preparation of the Company's financial statements requires the Management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Capital management note 4.5.
- · Financial risk management and policies note 4.2

3.1 Judaments

In the process of applying the Company's accounting policies, Management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

3.2 Estimates and

assumptions

The key assumptions concerning the future and other key sources of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Company. Such changes are reflected in the Fair value measurement of financial

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques using inputs from unobservable sources. A degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 3.2 for further disclosures.

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant judgment by the Directors is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Fair value estimation (Judgment)

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial

Impairment testing (Estimate)

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Finance lease commitments (Estimate)

The company has entered into land lease arrangement with Ethiopian Airport enterprise for the use and construction of open space warehouse . Management has determined, based on all available information, that the Company does retain the significant risks and rewards of ownership of the land and, consequently, the land lease has been accounted for as operating lease.

Events after reporting period

In the opinion of the Management, there were no significant post balance sheet events which could have a material effect on the state of affairs of the Company as at JUNE 30,2024 and on the profit for the year ended on that date, which have not been adequately provided for or disclosed.





4 Financial risk management

4.1 Introduction

4.1.1 Risk measurement and reporting systems

The Company's risks are measured using methods that reflect both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical model. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks is primarily performed based on limits established by the Company. These limits reflect the business strategy and market environment of the Company as well as the level of risk that the Company is willing to accept, with additional emphasis on selected regions. In addition, the Company measures and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

4.1.2 Risk mitigation

The Company uses various risk mitigating techniques to reduce its risk to the level acceptable. Risk controls and mitigations, identified and approved for the Company, are documented for existing and new processes and systems.

The adequacy of these mitigations is tested on a periodic basis through administration of control self-assessment questionnaires, using an operational risk management tool which requires risk owners to confirm the effectiveness of established controls. These are subsequently reviewed as part of the review process

4.2 Financial risk

Financial instruments by category

The Company's financial assets are classified into the following categories: at amortized cost, at fair value through P&L and at FV through OCI and the financial liabilities are classified into other liabilities at amortized cost.

The Company's classification of its financial assets is summarized in the table below:

30 June 2024	Notes	At fair value through profit or loss ETB	At amortized cost ETB	Total ETB
Cash and balances with banks	16	30,335,039	-	30,335,039
Trade receivables	14	3,043,294	£ -	3,043,294
Other receivables excluding prepaymer	15	414,758	<u></u>	414,758
Total financial assets		33,793,091		33,793,091
30 June 2023				
Cash and balances with banks	16	32,985,743		32,985,743
Trade receivables	14	51,795		51,795
Other receivables excluding prepaymer	15	194,213		194,213
Total financial assets		33,231,751	_	33,231,751





4 Financial risk management (continued)

4.3 Credit risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk is trade receivables.

4.3.1 Management of credit risk

The Company manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or Companies of counterparty and to geographical and industry segments. Such risks are subject to regular review. Limits on the level of credit risk by category and territory are approved The table below show the maximum exposure to credit risk for the Company's financial assets. The maximum exposure is show gross before the effect of mitigation:

_	JUNE ETB	JUNE ETB
Cash and balances with banks	30,335,039	32,985,743
Trade receivables Other receivables excluding prepayme	3,043,294 414,758	51,795 194,213
_	33,793,091	33,231,751

4.4 Credit risk

4.4.1 Credit quality analysis

(a) Credit quality of cash and cash equivalents

The credit quality of cash and bank balances and short-term investments that were neither past due nor impaired at as June 30,2024, June 30,2023 and are held in banks have been classified as non-rated as there are no credit rating agencies in Ethiopia.

(b) Credit quality of Trade and other receivables

(i) Trade receivables

The Company applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location and nature of customers.

The expected loss rates are based on the payment profile for sales over the past 48 months before JUNE 30,2023 and JUNE 30,2022 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The Company has identified gross domestic product (GDP) and unemployment rates of the countries in which the customers are domiciled to be the most relevant factors and according adjusts historical loss rates for expected changes in these factors. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

The range of the classification for past due is based on the historical credit loss rate expriance and mangmenent observation, judgment and belive is put in to account. The mangment consdered the contractual engagment with the customers as well as customers current economic condtion and business involvement is given a top consderation. On the above basis the expected credit loss for trade receivables as well as related party receivables together as at June 30,2023 and June 30,2024 was determined as follows:

30-Jun-24 Expected credit loss range of Gross carrying amoun	> 90 days ate 5% t (ETB) -	> 360 days 15%	> 730 days 20%	> 6 year 100%	Total
Lifetime expected cree					
30-Jun-23	> 90 days	> 360 days	> 730 days	> 6 year	Total
Expected credit loss ra Gross carrying amoun		15%	20%	100%	
Lifetime expected cree	lit loss (ETI		-		





4 Financial risk management (continued)

4.4 Credit risk (continued)

4.4.2 Credit quality analysis(continued)

(b) Credit quality of Trade and other receivables (continued)

(i) Trade receivables (continued)

The closing balances of the of the trade receivables loss allowance as at 30 June 2024 and 30 June 2023 reconciles with the trade receivables loss allowance opening balance as follows:

	ETB
Trade receivables	3,078,380
Loss allowance as at June 30,2024 calculated under previous framewor	-
IFRS 9 transition adjustments	=
Opening loss allowance at June 30,202	(1,326)
Loss allowance recognized during the year	(33,760)
Loss allowance as at June 30,2024	(35,085)

(ii) Allowance for impairment

The Company establishes an allowance for impairment losses that represents its estimate of incurred and expected losses in its receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance, established for Companies of homogeneous assets in respect of losses that have been incurred and

	JUNE <u>ETB</u>	JUNE ETB
Expected (reversal) / loss	(33,760)	(1,326)
	(33,760)	(1,326)

4.4.3 Credit concentrations

The Company monitors concentrations of credit risk by sector, location and purpose. An analysis of concentrations of credit risk at JUNE 30,2024 and JUNE 30,2023. The Company concentrates all its

JUNE 30,2024	Public ETB	Private ETB	Total ETB
Cash and balances with banks	-	30,335,039	30,335,039
JUNE 30,2023		30,335,039	30,335,039
50112 50/2025			
Cash and balances with banks	9 	32,985,743	32,985,743
		32,985,743	32,985,743





4 Financial risk management (continued)

4.4 Credit risk (continued)

4.4.2 Credit quality

4.5 Capital management

The Company maintains an efficient capital structure of equity shareholders' funds, consistent with the Company's risk profile and the regulatory and market requirements of its business.

The Company's objectives in managing its capital are:

- to match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- to maintain financial strength to support new business growth;
- to satisfy the requirements of its policyholders, regulators and rating agencies;
- to retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- · to allocate capital efficiently to support growth;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products commensurately with the level of risk.

An important aspect of the Company's overall capital management process is the setting of target riskadjusted rate of return which is aligned to performance objectives and ensures that the Company is focused on the creation of value for shareholders.

IFRS 13 requires an entity to classify measured or disclosed fair values according to a hierarchy that reflects the significance of observable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, which comprises of three levels as described below, based on the lowest level input that is significant to the fair value measurement as a whole.

4.6 Fair value of financial assets and liabilities

4.6.1 Valuation models

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) .This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation technique in which all significant inputs are directly or indirectly observable from market data.

In conclusion, this category is for valuation techniques for which the lowest level input that is significant Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all assets and liabilities for which the valuation technique includes inputs not based on observable date and the unobservable inputs have a significant effect on the asset or liability's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.





- 4 Financial risk management (continued)
- 4.6 Fair value of financial assets and liabilities (Continued)
- 4.6.1 Valuation models (Continued)

JUNE 30,2024

JUNE 30,2023

	Carrying amount	Fair value	Carrying amount	Fair value
	ETB	ЕТВ	ЕТВ	ЕТВ
Financial assets Cash and balances with banks Trade receivables	30,335,039 3,043,294	30,335,039 3,043,294	32,985,743 51,795	32,985,743 51,795
Other receivables excluding prepayments	414,758	414,758	194,213	194,213
Total	33,793,091	33,793,091	33,231,751	33,231,751
Financial liabilities				
Trade Other liabilities	3,748,409 5,568,780	3,748,409 5,568,780	958,682 3,573,223	958,682 3,573,223
Total	9,317,190	9,317,190	4,531,905	4,531,905

4.6.3 Fair value methods and assumptions

Loans and receivables including trade receivables are carried at cost net of provision for impairment. The estimated fair value represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

4.6.4 Valuation technique using significant unobservable inputs – Level 3

The Company has no financial asset measured at fair value on subsequent recognition.

4.6.4 Transfers between the fair value hierarchy categories

During the three reporting periods covered by these annual financial statements, there were no movements between levels as a result of significant inputs to the fair valuation process becoming observable or unobservable.

4.7 Offsetting financial assets and financial liabilities

There are no offsetting arrangements. Financial assets and liabilities are settled and disclosed on a gross basis.





GUENET HOTEL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

5	Revenue	30 June 2024	30 June 2023
		ETB	ЕТВ
	Food Income	34,396,220	25,834,397
	Beverage Income	7,460,344	4,586,194
	Rental Income	10,150,922	5,163,149
	Cafteria Income	2,508,856	1,624,569
	Corckage & Brakage	151,106	-
	Service Charge	5,871,395	
		60,538,842	37,208,311
	Other income		
	Parking	444,119	372,354.84
	Others	1,795,379	1,654,335.25
	Interest Income	1,536,990	1,908,124.45
	Total other income	3,776,488	3,934,815
	Total income during the year	64,315,330	41,143,126
	Cost of sales		
	Hotel Service cost-Food	13,498,719	10,508,458
	Hotel Service cost -Beverage & others	3,624,167	2,753,348
	Salary & Wage	4,659,459	-
	Service Charge	3,015,776	
	Over Head Costs (Note 7.1)	11,780,505	=
	Over Head Costs	36,578,626	13,261,806
	Other	81,528.26	
	Stationary	62,618.48	_
	Clearing	392,354.01	
	Fuel & Charcool	988,095.32	1
	Maintenance	326,599.12	-
	Cash Indeminity	3,360.00	-
	Depersation	9,925,950.24	
		11,780,505	
	Finance costs		
	interest on Saving	76,849	95,406
		76,849	95,406





GUENET HOTEL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

9	General and administration expenses	30 June 2024 ETB	30 June 2023 ETB
	Advertisement Expense	211,531	42,848
	Bank Service Charge	11,943	6,627
	Depreciation & Amortiation	861,813	10,339,548
	Annual leave Expense	791,862	777,828
	Severance expense	91,069	820,593
	Expected Credit loss	33,760	1,326
	Fuel and Lubricant Expenses	109,558	667,211
	Insurance Expenses	217,261	197,065
	Donation Expense	42,165	329,258
	Printing and Supplies Expenses	204,815	387,646
	Board of Directors fee	242,500	192,000
	Utility	691	323,357
	Miscellaneous Expenses	184,975	947,018
	Penalty and Fines Expenses	1,870	57,178
	Professional and Membership Fees	369,361	301,172
	License & Registration fee	-	204
	Repair and Maintenance Expenses	1,058,956	1,085,006
	Commision Expense	-	1,870
	Entertainment expense	64,245	13,465
	Salary and Wage Expenses	7,946,315	15,188,899
	Service Charge Benefit Expenses	2,475,924	- 4
	Pension Contribution	1,039,346	=4
	Telephone, Internet & other subscriptions	88,887	71,835
	Audit Fee	43,474	-
	Cleaning and Sanitation	128,532	-
	Other Emloye Benefit	2,007,697	-
	Transportation Expenses	1,150	-
	Property Tax	2,061,940	-
		20,291,641	31,751,954
10	Income and deferred tax		
10.1	Current income tax		
	Current taxation based on taxable profit (note 10.2) Deferred income tax charge(credit) to profit or	5,350,981	1,774,324
	loss (note 10.4)	(2,363,753)	(3,538,423)
	Total charge to profit or loss Tax charge (credit) on	2,987,228	(1,764,099)
	other comprehensive Total tax in statement of		
	comprehensive income	2,987,228	(1,764,099)





10 Income and deferred tax (continued)

10.2 Current taxation based on taxable

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	30 June 2024 ETB	30 June 2023 ETB
Profit before tax	7,368,214	(3,966,042)
Non-deductible expenses		
Depreciation per accounting policy	10,787,763	10,025,576
Amortization per accounting policy	-	-
Interest income	(1,536,990)	(1,908,124)
Donation Expnese		(329,258)
Dividend income (Taxed)		~ 0
Severance Expense	54,737	820,593
Expected Credit Loss	33,760	1,326
Accrued annual leave expense	791,862	777,828
Non taxable Gain on disposal of PPE	75.00 75.00	=
Propety tax	2,061,940	
Tax refund	-	:-
Penalty	1,870	57,178
	19,563,155	5,479,077
Less:		
Unrealized foreign exchange gain De-recognized expense	-	1 676 767
Loss Carry forward-2016	-	1,676,767
Loss Carry forward-2017	_	-
Capital Allowance (Depreciation per tax law	(1,680,456)	(1,241,431)
Capital Allowance	(2/000/100/	(1,211,131)
(amortization of deferred expenditure per tax law)	_	_
Severance Expense	(27,133)	-
Annual leave expense	(18,964)	-
Taxable income	17.026.602	
Current Tax Expense (30%)	<u>17,836,602</u> 5,350,981	<u>5,914,413</u>
Current income tax liability		
Balance at the beginning of the year	1,699,310	393,588
Charge for the year (note 11.2)	5,350,981	1,774,324
Advance profit tax paid	(93,356)	(75,014)
Payment during the year	(1,699,310)	(393,588)
Balance at the end of the year	5,257,625	1,699,310

10.4 Deferred income tax

10.3

Deferred taxation is calculated on all temporary differences using the enacted principal tax rate of 30%. The temporary difference is a result of difference in tax base which raised from revaluation of PPEs and difference in tax rates of depreciation of property plant and equipment and difference in accounting for preoperational expenditure and post-employment benefit obligation for financial reporting and tax purpose.



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_	30 June 2024 ETB	30 June 2023 ETB
10.4.1 Property, plant and equipment (PPE)		V
Carrying amount of PPE (Note 11)	145,934,298	138,770,371
Less: Tax written-down value	(31,755,138)	(15,643,167)
Total temporary difference	114,179,160	123,127,204
Attributable to deemed cost exercise Attributable to other	(141,119,661)	(141,119,661)
differences recognized in	(26,940,501)	(17,992,457)
Deferred Tax Attributable to deemed cost exercise of current year excess depre	42,335,898 -	42,335,898
	42,335,898	42,335,898
Attributable to other differences recognized in	(8,082,150)	(5,397,737)
Deferred Tax Liability (asset)	34,253,748	36,938,161
10.4.2 Right of Use Land-Owner occupied	30 June 2024 ETB	30 June 2023 ETB
Carrying amount of ROU-land (Note 12) Less: Tax written-down value (Annex 1)	1,304,774,673	1,304,774,673
Total temporary difference Attributable to deemed cost exercise	1,304,774,673	1,304,774,673
Attributable to other differences recognized in (asset) on ROU Land-	-	-
Leasehold		
10.4.3 Investment Property		
Carrying amount of ROU Building (Note 12) Less: Tax written-down value	5,238,104	5,557,205
Total temporary Difference	5,238,104	5,557,205
Total Deferred Tax Liability (asset) on ROU Building	1,571,431	1,667,162
Attributable to deemed cost exercise Related Party	3,666,673	3,890,044
10.4.4 Receivable (Expected Credit Loss)		
Carrying amount Trade receivable Carrying amount Related party	3,043,294	51,795 -
Less: Tax Base Trade Receivable Tax Base Related party	(3,078,380)	(53,120)
Deductible Temporary Difference	35,085	1,326
Deferred Tax Liability (asset) on ECL	(10,526)	(398)

The deferred tax asset on the trade receivable was not recognized as the probability of realization in the near future is remote.





GUENET HOTEL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

10.4.5 Termination benefit obligation:		
Carrying amount	2,933,254	2,878,517
Less: Tax Base	-	
Total Temporary Difference	2,933,254	2,878,517
Total Deferred Tax Liability (asset) on PPE	(879,976)	(863,555)
10.4.6 Lease Obligation		
Carrying amount	-1	V.
Less: Tax Base	-	-
Deductible Temporary Difference Deferred Tax Liability (asset) on LO	-	
10.4.7 Trade and Other Payables		-
Carrying amount	7,038,552	6,098,916
Less: Tax Base	(6,246,690)	(3,864,348)
Deductible Temporary Difference	791,862	2,234,568
Deferred Tax Liability (asset) on TOD	(237,559)	(670,370)
10.4.8 Deferred Expenditure		
Carrying amount		18,056
Less: Tax Base Timing difference	-	
Deferred Tax Liability		18,056
(asset) on Derecognized		5,417
Total Deferred Tax Liability (asset)		
Deferred tax		
assets/(liabilities) is as follows:		
To be recovered after more than 12 months To be recovered within 12 months	s 	
To be recovered within 12 months		

10.4.9 The movement in deferred income tax assets (liabilities) and deferred income tax charge/(credit) in profit or loss, in equity and other comprehensive income are as follows:

Deferred income tax liabilities/(assets):	At 30 June 2024	Credit/ (charge) to profit or loss	Credit/ (charge) to equity	At 30 June 2023
5 16 1	ETB	ETB	ETB	ETB
Deemed Cost over Carrying Value on Property, Plant and	42,335,898	-	-	42,335,898
Equipment	(8,082,150)	(2,684,413)	-	(5,397,737)
Receivable	-			92
ROU Land- Leasehold	_	-	-	7-
investment Property Lease Obligation-Right of	1,571,431	(95,730)	-	1,667,162
use Land Post Employment Benefit	-	-		-
Obligation	(879,976)	(16,421)	발생	(863,555)
Trade and Other Payables	(316,241)	432,812	-	(749,053)
Deferred Expenditure	7,222			7,222
Total Deferred Tax Liabilities/(Assets)	34,636,184	(2,363,753)		36,999,937





	_	30 June ETB	30 June 2023 ETB
10.5	Investment -Financial ins	trument	
	Balance brought forward Current Period Change(Change in FV)	1,000,000	1,000,000
	Additional Investment		
	Equity instrument	1,000,000	1,000,000
		30 June	30 June 2023
		ЕТВ	ETB
10.6	Investment Property	ЕТВ	ЕТВ
10.6	Investment Property Balance brought forward	6,195,408	6,195,408
10.6			
10.6	Balance brought forward	6,195,408	
10.6	Balance brought forward Additional Investment	6,195,408	6,195,408
10.6	Balance brought forward Additional Investment Total Investmen Property	6,195,408 6,195,408	6,195,408 6,195,408
10.6	Balance brought forward Additional Investment Total Investmen Property Accomulated Deprecation	6,195,408 6,195,408 638,202	6,195,408 6,195,408 319,101
10.6	Balance brought forward Additional Investment Total Investmen Property Accomulated Deprecation Current Period Deprecation	6,195,408 6,195,408 638,202 319,101	6,195,408 6,195,408 319,101 319,101





NG. ES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 3 2024 GUENET HOTEL

Property, plant and equipment

		Total	ETB
		CIP	ETB
	KITCHEN	UTILITES	ETB
Office	ĭ	Σ	ETB
	Office	Furniture	ETB
Computer	and	Electronics	ETB
	Motor	Vehicles	ETB
		Building	ETB

Cost

2022	135.750.027	2.800.000	2.800.000 1.193.286 2.268.960	2,268,960	10,470,589 1,640,280	1,640,280	-	- 154,123,142
Additions TRASFER	3,029,174		162,757	540,715	51,721	117,070	866,304	4,767,741
Disposal	1		•	1	(63,400)	t	ı	(63,400)
2023	138,779,201	2,800,000	1,356,043	2,800,000 1,356,043 2,809,675	10,458,910 1,757,350	1,757,350	866,304	866,304 158,827,483
As at 30 JUNE 202	138,779,201	2,800,000	1,356,043	2,809,675	10,458,910	1,757,350	866,304	158,827,483
Additions	11,294,064		187,870	ı	2,056	2,445,739	3,699,860	17,632,589
Disposal				1				1
2024	150,073,265	2,800,000	1,543,912	2,800,000 1,543,912 2,809,675 10,463,966 4,203,089 4,566,164 176,460,072	10,463,966	4,203,089	4,566,164	176,460,072

Accumulated Depreciation

As at 30 JUNE 2022								
Opening Balance	8,367,060	140,000	114,707	435,670	779,030	195,070	,	10,031,536
Charge for the year	8,367,060	140,000	123,043	413,520	779,030	202,923	1	10,025,576
As at 30 JUNE 202 16,734,120	16,734,120	280,000	237,750	849,190	1,558,059	397,993		20,057,112
As at 30 JUNE 202	16,734,120	280,000	237,750	849,190	1,558,059	397,993	1	20,057,112
Charge for the year	8,713,687	140,000	130,888	428,711	718,619	336,757	1	10,468,662
As at 30 JUNE 202 25,447,807	25,447,807	420,000	368,638	368,638 1,277,901	2,276,678	734,750	1	30,525,774
Net book value								
As at 30 JUNE 202 122,045,081	122,045,081	2,520,000	2,520,000 1,118,293 1,960,485	1,960,485	8,900,851 1,359,357	1,359,357	866,304	866,304 138,770,371
As at 30 JUNE 202 124,625,459	124,625,459	2,380,000	2,380,000 1,175,275 1,531,773	1,531,773	8,187,288	3,468,339	4,566,164	8,187,288 3,468,339 4,566,164 145,934,298
1								

13a Construction in progress

Construction in progress relates to the construction of xxxx in xxx Regional state, xxx town.

13b Impairment review

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Upon impairment review, the net book value of property, plant and equipment do not exceed its recoverable value as at the end on the reporting period. Thus, the management are of the opinion that allowance for impairment is not required. utell h.P.P. 75



12 Right of Use Asset (ROUA)

		Lease hold Asset ETB	Total ETB
	Cost		
	As at JUNE 30,2023	1,304,774,673	1,304,774,674
	As at JUNE 30,2024	1,304,774,673	1,304,774,675
	Accumulated Amortization		
	As at JUNE 30,2023	1-1	
	Charge for the year		
	As at JUNE 30,2024		
	Net book value		
	As at JUNE 30,2023	1,304,774,673	1,304,774,674
	As at JUNE 30,2024	1,304,774,673	1,304,774,673
13	Inventories	30 June 2024 ETB	30 June 2023 ETB
	Beverages	110,743	140 742
	Food	3.5	148,742
		153,729	521,276
	Stationary &Cleaning	147,894	153,008
	Bottles & Containers	100,147	110,679
	Others	1,090,852	224,593
	Gross amount	1,603,364	1,158,298
	Gross amount Allowance for write-down of inventory		
	Allowance for write-down of inventory	1,603,364 1,603,364	1,158,298 1,158,298
		1,603,364	1,158,298
	Allowance for write-down of inventory		





	_	30 June 2024 ETB	30 June 2023 ETB
14	Trade receivables		
	Trade receivable	3,078,380	53,120
	Less Allowance for Expected Credit Loss_	(35,085)	(1,326)
		3,043,294	51,795

The average credit period on rendering of services is 30 days. No interest is charged on trade receivables. The Company has recognized an allowance for doubtful debts based on the expected credit loss. In measuring the expected credit losses, the trade receivable have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on their age profiles.

14a	The movements in impairment allowance for trade receivable is analyzed below		
	Balance at the beginning of year	1,326	1,326
	Impairment loss recognized on receivabl	33,760	-
	Impairment loss reversed	_	
	Balance at end of the year	35,085	1,326
15	Other receivables		
	Other financial Assets	-	_
	Staff Debtor	414,758	194,213
		414,758	194,213
	Other non - financial Assets	· · · · · · · · · · · · · · · · · · ·	
	Withholding tax receivable	-	75,014
	Value added tax receivable	-	
	Withholding tax receivable transfer to Ta	-	(75,014)
	Gross amount	414.750	- 101 010
	Collective impairment	414,758	194,212
	-		
	Mahusibu analusia	414,758	194,212
	Maturity analysis		
	Current	414,758	194,212
	Non- current		-
		414,758	194,212
16	Cash and bank balances		
	Cash on hand	101,898	56,841
	Cash at bank	30,233,141	32,928,902
	=	30,335,039	32,985,743





17 Paid Up capital

The Company has authorized and fully paid capital as follows. The shares have equal voting rights and shares are equal in the distribution of profit.

	Authorized:	30 June 2024 ETB	30 June 2023 ETB	
	REGISTERD CAPITAL	1,177,283	1,177,283	
	Issued and fully paid: REGISTERD CAPITAL	1,177,283	1,177,283	-
18	Retained earnings			
	At the beginning of the year Transfer to Paid up capital Profit for the year Rollover adj from last Profit tax piad to ERCA Opening Inventory Balance Adjustment Transfer to Legal Reserve (Note 20)	26,813,727 - 4,380,986 (444,984) (236,253) (210,274)	41,544,003 - (2,201,943) (834,478) (11,693,856) -	
	At the end of the year	30,303,202	26,813,727	
	BackYear Adjustment Errors	<u> </u>	(858,399.65) 23,922.00 (834,477.65)	

The company made a backyear adjustment of 858,399.65 birr for the year ended june 30,2024 and dedcuted form the retained earnigs account. This cost is incurred for construction of houses as donation for poor citizens in the subcity and 23,922 birr of roll over adjustment is an audit error of 15,125 birr committed since 2021 and remaining error. And due to tax assessment and opening balance Adjustment during the reporting year birr 891,510 is adjusted .

Reserve for excess deemed cost over carrying value

cost over carrying value	30 June 2024	30 June 2023
	ETB	ETB
Revalued amount at date of transition PPE	138,770,371	138,770,371
Revalued amount at date of transition IP	6,195,408	6,195,408
	144,965,779	144,965,779
Carrying value at date of transition PPE Revaluation surplus at date of	(6,970,822)	(15,643,167)
transition	137,994,956	144,965,779
Deferred Tax on Revaluation	(41,398,487)	(43,489,734)
Revalued amount at date of transition ROU	1,304,774,673	1,304,774,673
Transfer to retained earnings	1,401,371,142	1,406,250,718
in respect of excess depreciation of the revalued		
assets net of deferred tax	6,524,079	1,644,503
Reserve for excess deemed cost over carrying value	1,407,895,221	1,407,895,221

Deemed cost in excess of carrying value account is a surplus/gain arising from revaluation of PPEs & ROU Assets as at the transition date (considered as deemed cost for the first time adoption of IFRS) and non-distributable to shareholders in the form of dividend and non-taxable income, rather kept under equity section. The reserve remains in the equity and transfered to retained earnings when the corresponding asset





GUENET HOTEL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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2023
ETB
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2022
2023 ETB
1,164
),461)
0.703
2023 ETB
8,517
3,517
0,593
0,593





23.1 Retirement benefit obligation

Severance benefit plan

The severance benefit plan is an unfunded defined benefit scheme. The Company does not maintain any assets for the schemes but ensures that it has sufficient funds for the obligations as they crystallize.

The severance benefits are based on the statutory severance benefit as set out in Labor Proclamation No. 377/2003, as amended by the Labor (Amendment) Proclamation No. 494/2006. Employees who have served the Company for 5 years and above and are below the retirement age (i.e. has not met the requirement to access the pension fund) are entitled for the benefit. The final pay-out is determined by reference to final monthly salary and number of years in service computed as one month salary of the first year in employment plus one-third of monthly salary for subsequent years to a maximum of twelve months salary.

23.2 The principal assumptions used in determining defined benefit obligations

	30 June 2024 ETB	30 June 2023 ETB
Discount rate (p.a)	20.00%	20.00%
Long term salary increases (p.a)	12.0%	12.00%

(i) Discount rate

In Ethiopia, there is no liquid market for bonds including government bonds of Ethiopia. Based on this we have assumed a long-term rate of discount based on the prevailing commercial banks lending rate as advised by the Association of Ethiopian Insurers.

The Company therefore opted to use a discount rate of (June 30,2024:20% June 30,2023) based on a rate that brings the real rate to an reasonable level.

(ii) Long term salary increases

The salary increase assumption rate of 12% p.a has been applied

23.3 Risk exposure

Through its post-employment benefit schemes, the Company is exposed to a risk. The most significant is detailed below:

(i) Liquidity risk

The defined liabilities are unfunded and as a result, there is a risk of the Company not having the required cash flow to fund future defined benefit obligations as they fall due.

ii) Legal Risk

The benefits are defined as per the Labor Proclamation. Amendments to the Labor Proclamation could change these benefits and materially change the costs of the

iii) Life Expectancy

Severance Benefits is payable where an employee's contract of employment is terminated by the imitation of the employer against the provision of Law. The actual cost to the Company of the benefits is therefore subject to the demographic movements of employees.

24	Trade payables	ETB _	ETB
	Trade payables	3,748,409	958,682
		3,748,409	958,682

The average credit period on purchases of certain goods from suppliers is 2 months. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.





GUENET HOTEL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

25	Other liabilities	30 June 2024 ETB	30 June 2023 ETB
	Other financial liabilities Accruals Deferred Income Sundry Payables	3,290,143	3,331,653 - 241,570
	Other non - financial liabilities	3,290,143	3,573,223
	Value added tax payable	1,332,808	1,095,781
	Income Tax	809,398	291,354
	Pension & Provident Payable	133,791	161,487
	Withholding tax payable	· :-	18,389
	Cash Indmentiy	2,640	_
		2,278,637	1,567,011
		<u>5,568,780</u>	5,140,233





26	Cash generated from operating activiti	2024 ETB	2023 ETB
	Profit before income tax	7,368,214	(3,966,042)
	Adjustments for: Interest expenses on saving Account Depreciation of property, plant and equipm Amortization of right-of-use-Land Amortization of right-of-use-Building Annual leave Expense Expected Credit loss Retirement benefit obligation	- 10,787,763 - - - - 27,604	10,025,576 - - 777,828 1,326 820,593
	Cash flow before working capital chan	18,183,580	7,659,281
	Changes in working capital: Decrease (increase) in inventory Decrease (increase) in trade receivables Decrease (increase) in other receivables Increase (decrease) in Trade payables Increase (decrease) in other tax payables Increase (decrease) in other liabilities	(445,066) (2,991,500) (220,546) 2,789,727 - 428,547	(1,158,298) 942,053 (85,964) 322,916 - 3,729,989
	Polotod noutraturan attack	17,744,742	11,409,977

27 Related party transactions

A number of transactions were entered into with related parties in the normal course of business. These are disclosed as follows:

27b Key management compensation

Key management has been determined to be the members of Executive Management of the Company. The compensation paid or payable to key management incorporated in the statement of Profit and loss .

28 Contingent liabilities Claims and litigation

The Company is subjected to litigation arising in the normal course of business. The Management is of the opinion that the pending litigation as at the reporting date will not have a material effect on the financial position or profits of the Company. At the year end the Company is not involved in any cases.

		30 June	30 June
		2024	2023
		ЕТВ	ETB
			_
29	Operating lease		
		30 June	30 June
		2024	2023
		<u>ETB</u>	<u>ETB</u>
		=	-
		-	-

The Company has no Finance lease liability.All lease are short term which is consedred as operating lease .



