

**CATERING AND TOURISM TRAINING INSTITUTE**

**GUENET HOTEL**

**AUDITORS' REPORT AND ACCOUNTS**

**JUNE 30, 2022**

**ጌታቸው ዋቅጅራ**

**Getachew Wakjira**

**ቻርተርድ ሠርቲፋይድ አካውንታንት (ሱዳን)**

**Chartered Certified Accountant (U.K.)**

**ሠርቲፋይድ የኦዲት ድርጅት (ኢትዮ)**

**Certified Audit Firm (Eth.)**

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ሠርተፋይድ የአዲት ድርጅት (ኢትዮ)

GETACHEW WAKJIRA  
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AUDITORS' REPORT ON THE ACCOUNTS OF  
CATERING AND TOURISM TRAINING INSTITUTE - GUENET HOTEL

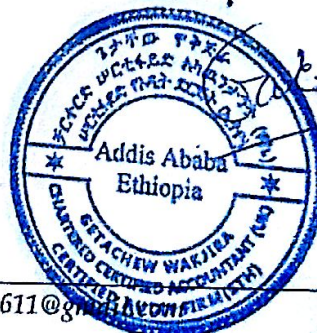
1. We have audited the accompanying financial statements of Catering and Tourism Training Institute - Guenet Hotel set out on pages 3 to 10 which have been prepared under historical cost conventions and the accounting policies set out on page 6 for the year ended June 30, 2022.

RESPECTIVE RESPONSIBILITIES OF THE BOARD OF MANAGEMENT AND AUDITORS

2. The Management of Guenet Hotel is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion.

BASIS OF OPINION

3. We conducted our audit in accordance with Generally Accepted Auditing Standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Board in the preparation of the financial statements and of whether the accounting policies are appropriate to the Hotel's circumstances, consistently applied and adequately disclosed.
4. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.



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OPINION

5. In our opinion, the accompanying financial statements give a true and fair view of the state of Catering and Tourism Training Institute - Guenet Hotel's affairs as at June 30, 2022 and of its profit and cash flows for the year then ended.



*Metachew Wakjira*  
METACHEW WAKJIRA  
CHARTERED CERTIFIED ACCOUNTANT (UK)  
CERTIFIED AUDIT FIRM (ETH)

Addis Ababa  
December 30, 2022

**CATERING AND TOURISM TRAINING INSTITUTE - GUENET HOTEL**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2022**

	<u>Notes</u>	<u>Birr</u>	<u>Birr</u>	<u>2021</u> <u>Birr</u>
<b><u>ASSETS EMPLOYED</u></b>				
<b><u>FIXED ASSETS (net)</u></b>	2a,3		12,174,237	7,842,022
<b><u>GOVERNMENT BOND</u></b>			1,000,000	1,000,000
<b><u>DEFERRED EXPENDITURE(net)</u></b>	2b,4		<u>24,074</u>	<u>30,092</u>
			<u>13,198,311</u>	<u>8,872,114</u>
<b><u>CURRENT ASSETS</u></b>				
Stock	2c,5	1,200,602		674,813
Debtors and prepayments	6	4,328,666		2,766,253
Cash and bank balances	7	<u>38,725,626</u>		<u>38,144,399</u>
		<u>44,254,894</u>		<u>41,585,465</u>
<b><u>LESS:- CURRENT LIABILITIES</u></b>				
Provision for fence construction		1,041,164		1,041,164
Profit tax payable		408,588		-
Creditors and accrued charges	8	<u>4,903,481</u>		<u>1,649,019</u>
		<u>6,353,234</u>		<u>2,690,183</u>
			<u>37,901,660</u>	<u>38,895,282</u>
<b><u>NET CURRENT ASSETS</u></b>			<u>51,099,972</u>	<u>47,767,396</u>
<b><u>FINANCED BY</u></b>				
<b><u>REGISTERED CAPITAL</u></b>	9		1,177,283	1,177,283
<b><u>PROFIT AND LOSS</u></b>			<u>49,922,689</u>	<u>46,590,113</u>
			<u>51,099,972</u>	<u>47,767,396</u>





**CATERING AND TOURISM TRAINING INSTITUTE - GUENET HOTEL**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Notes	Birr	Birr	2021 Birr
<u>SALES</u>	2d,10		19,098,423	9,923,017
<u>LESS:- COST OF SALES</u>	11		(9,239,711)	(4,758,894)
<u>GROSS PROFIT</u>			9,858,712	5,164,123
<u>OTHER INCOME</u>	12		7,804,054	6,653,625
			17,662,766	11,817,748
<u>LESS:- GENERAL AND ADMINISTRATIVE</u>				
Salaries and related		8,784,318		6,396,493
Food and accommodation		856,562		530,120
Gas and charcoal		197,750		182,728
Repair and maintenance - General		1,254,734		347,514
Communication		-		12,799
Cleaning and sanitation		54,726		99,361
Transportation		119,677		4,900
Telephone		45,701		116,320
Material rent		-		-
Insurance		119,842		22,160
Printing and stationery		93,390		49,053
Commission				8,260
Fuel and lubricants		113,942		155,550
Audit and accountancy fees		15,000		86,783
Advertisement and promotion		26,496		25,165
Entertainment		22,000		2,318
Hotel expense (Packaging)		10,832		12,361
Education Exp		22,178		
Medical Exp		118,717		
Professional fee		29,539		19,762
Board fees		203,000		169,500
Miscellaneous		126,023		247,700
Depreciation and amortization		835,261		417,266
Uniform		476,903		102,192
Bank service charge		125,553		4,478
Penalty		2,468		-
Donation		256,248		-
			13,910,859	(9,012,783)
<u>NET PROFIT FOR THE YEAR</u>			3,751,906	2,804,965
<u>PROVISION FOR TAXATION</u>	13		(419,330)	-
			3,332,576	2,804,965
<u>ACCUMULATED PROFIT BROUGHT FORWARD</u>			46,590,113	45,285,146
Support for Eth. Deference Army				(1,000,000)
Penalty				(500,000)
<u>ACCUMULATED PROFIT CARRIED FORWARD</u>			49,922,689	46,590,113



**CATERING AND TOURISM TRAINING INSTITUTE - GUENET HOTEL**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Capital <u>Birr</u></b>	<b>Profit and loss <u>Birr</u></b>	<b>Total <u>Birr</u></b>
Balance at June 01-2020	1,177,283	45,285,146	46,462,429
Profit (Loss) for the year	-	2,804,965	2,804,965
Adjustment	<u>-</u>	<u>(1,500,000)</u>	<u>(1,500,000)</u>
Balance at June 30-2021	1,177,283	46,590,113	47,767,396
Profit (Loss) for the year	-	3,332,576	3,332,576
Prior years adjustment	<u>-</u>	<u>-</u>	<u>-</u>
Balance at June 30-2020	<u>1,177,283</u>	<u>49,922,688</u>	<u>51,099,971</u>



**CATERING AND TOURISM TRAINING INSTITUTE - GUENET HOTEL**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Birr</u>	<u>2021</u> <u>Birr</u>
<b><u>NET CASH INFLOW FROM OPERATING ACTIVITIES</u></b>		
Operating profit	3,751,906	2,804,965
Prior year adjustment ,Bonus, support, Gift	-	(1,515,233)
Depreciation	829,243	411,248
Amortization	6,018	6,018
(Increase) / Decrease in stock	(525,789)	(13,909)
(Increase) / Decrease in debtors and prepayments	(1,562,413)	(769,796)
Provision for fence constraction	-	961,691
Increase/Decrease in creditors and accruals	<u>3,254,462</u>	<u>1,055,935</u>
	5,753,428	2,940,919
<b><u>TAXATION</u></b>		
Withholding tax	(10,742)	-
Profit tax	<u>-</u>	<u>-</u>
	(10,742)	-
<b><u>CAPITAL EXPENDITURE</u></b>		
Government bond	-	(1,000,000)
Additions to fixed assets	<u>(5,161,459)</u>	<u>(5,317,175)</u>
<b><u>INCREASE IN CASH AND BANK BALANCES</u></b>	<u>581,227</u>	<u>(3,376,256)</u>
<b><u>NOTE 1: CHANGE IN CASH AND BANK BALANCES</u></b>		
Cash and bank balances - Beginning	38,144,399	41,520,655
- Ending	<u>38,725,626</u>	<u>38,144,399</u>
<b><u>INCREASE IN CASH AND BANK BALANCES</u></b>	<u>581,227</u>	<u>(3,376,256)</u>





CATERING AND TOURISM TRAINING INSTITUTE - GUENET HOTEL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

1. INTRODUCTION

Guenet Hotel, which was previously under Ras Hotels Enterprise, was transferred to Catering and Tourism Training Institute as of July 1, 1998 as a going concern as per letter dated Hidar 29, 1990 from the Federal Democratic Republic of Ethiopia, Office of the Prime Minister, Economic Affairs Section.

2. ACCOUNTING POLICIES

The principal accounting policies adopted and consistently applied with that of the previous year are stated below:-

a) Fixed assets

Fixed assets are stated at cost or valuation less accumulated depreciation. Depreciation is charged on cost or net book value (NBV) at the following rates per annum:

	%
Buildings	5 on cost
Plant and machinery	20 on NBV
Computers and printers	25 on NBV

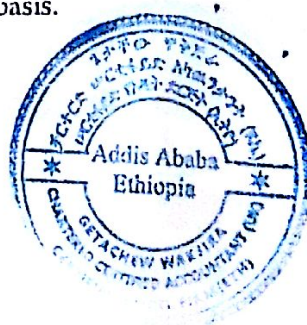
All other assets which include (Furniture, fixtures and fittings, office equipment, soft furnishings, kitchen utensils, cutlery, silverware and crockery, glassware and porcelain, motor vehicles and other assets)

b) Deferred expenditure

Deferred expenditure is amortized on reducing balance method at 20% per annum.

c) Stock

Stocks are stated at cost on the first-in, first-out basis.

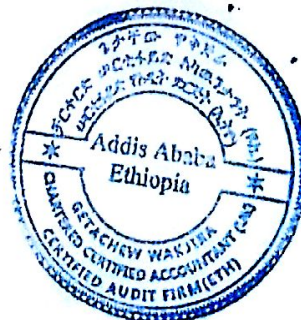




### 3. FIXED ASSETS

a) The movement is as follows: -

	Balance 1/7/2021 <u>Birr</u>	Additions <u>Birr</u>	Adjustment <u>Birr</u>	Balance 30/6/2022 <u>Birr</u>
<u>COST/VALUATION</u>				
Buildings	1,086,233	-	6,354,247	7,440,480
Plant and machinery	2,679,074	348,939	-	3,028,013
Furniture, fixtures and fittings	1,284,696	-	-	1,284,696
Computers and printers	271,422	47,213	-	318,635
Office equipment	119,622	-	-	119,622
Soft furnishings	182,816	-	-	182,816
Kitchen utensils	149,438	-	-	149,438
Cutlery, silverware and crockery	86,423	-	-	86,423
Glassware and porcelain	178,030	-	-	178,030
Motor vehicles	702,578	-	-	702,578
Others	532,680	-	-	532,680
Water well	1,402,275	-	-	1,402,275
Construction in progress	4,811,662	4,765,307	(6,354,247)	3,222,722
	<u>13,486,949</u>	<u>5,161,459</u>	<u>-</u>	<u>18,648,408</u>
<u>DEPRECIATION</u>				
Buildings	1,086,233	238,284	-	1,324,517
Plant and machinery	1,534,735	275,961	-	1,810,696
Furniture, fixtures and fittings	1,046,605	47,618	-	1,094,223
Computers and printers	220,101	18,213	-	238,314
Office equipment	114,154	1,094	-	115,248
Soft furnishings	170,699	2,423	-	173,122
Kitchen utensils	125,981	4,691	-	130,672
Cutlery, silverware and crockery	86,223	-	-	86,223
Glassware and porcelain	162,429	3,120	-	165,549
Motor vehicles	678,091	4,897	-	682,988
Water Well Constriction	-	210,341	-	210,341
Others	419,676	22,600	-	442,276
	<u>5,644,927</u>	<u>829,243</u>	<u>-</u>	<u>6,474,170</u>
<u>NET BOOK VALUE</u>	<u>7,842,022</u>			<u>12,174,237</u>



#### 4. DEFERRED EXPENDITURE

	<u>Birr</u>	<u>Birr</u>	2021 <u>Birr</u>
Cost		688,333	688,333
Less:- Amortization - BBF	(658,241)		(652,223)
- Current	(6,018)		(6,018)
		(664,259)	(658,241)
		<u>24,074</u>	<u>30,092</u>

#### 5. STOCK

	<u>Birr</u>	2021 <u>Birr</u>
<u>Stock in Stores and sales center</u>		
Provisions	70,691	46,449
Beverages	78,111	73,647
Cigarettes and matches	24	24
Printing and stationery	153,263	97,734
Empty Bottles	46,380	41,309
Cases and containers	38,554	35,480
Sundry	124,800	70,201
Stock cleaning suppliers	18,701	19,041
Sales center stocks	670,078	290,928
	<u>1,200,602</u>	<u>674,813</u>

#### 6. DEBTORS AND PREPAYMENTS

	<u>Birr</u>	2021 <u>Birr</u>
Trade debtors	2,497,787	1,614,792
Staff debtors	113,619	129,255
Sundry debtors	789,143	154,768
Guest account	928,117	867,278
Purchase advance	-	160
VAT receivables	-	-
	<u>4,328,666</u>	<u>2,766,253</u>





## 7. CASH AND BANK BALANCES

	<u>Birr</u>	<u>2021</u> <u>Birr</u>
Cash at bank	38,671,700	38,106,822
Cash in hand	53,926	37,577
	<u>38,725,626</u>	<u>38,144,399</u>

## 8. CREDITORS AND ACCRUED CHARGES

	<u>Birr</u>	<u>2021</u> <u>Birr</u>
Sundry creditors	292,793	312,189
Accruals	51,078	75,050
Taxes and other payroll deductions		319,964
VAT payable	382,202	84,603.00
Service payable	292,894	206,205
Staff debtors with credit balances	5,370	5,370
Trad debtors with credit balances	3,211,606	643,073
Cash indemnity	2,640	2,565
Withholding tax	21,984	-
Pension tax Payable	110,417	-
Ministry of Defense	342,974	-
Employment Income tax payable	189,524	-
	<u>4,903,481</u>	<u>1,649,019</u>

## 9. CAPITAL

The balance is composed of:-

The net book value of Fixed assets and stocks handed over to the Hotel (as on Additional Fixed assets transferred from CTTI to the Hotel in June 2002 Valuation of gymnasium building as on Feb. 1,2001 Transferred from payable account

<u>Birr</u>	<u>2021</u> <u>Birr</u>
423,460	423,460
315,132	315,132
<u>438,691</u>	<u>438,691</u>
<u>1,177,283</u>	<u>1,177,283</u>



# 10. SALES

Food  
Beverages  
Bowling and tennis  
Cafeteria income

<u>Birr</u>	2021 <u>Birr</u>
15,080,339	7,288,780
3,427,191	2,065,067
-	265,078
590,893	304,092
<u>19,098,423</u>	<u>9,923,017</u>

# 11. COST OF SALES

Food  
Beverages  
Cigarettes and matches

<u>Birr</u>	2021 <u>Birr</u>
7,402,713	3,713,009
1,836,998	1,045,812
-	73
<u>9,239,711</u>	<u>4,758,894</u>

# 12. OTHER INCOME

Hall rent  
Other income  
Parking  
Shop rent  
Children play  
Corkage and breakage  
Interest income

<u>Birr</u>	2021 <u>Birr</u>
197,723	172,293
987,643	587,692
97,907	-
4,152,394	3,537,533
-	120,553
11,780	33,090
2,356,606	2,202,464
<u>7,804,054</u>	<u>6,653,625</u>

# 13. PROVISION FOR TAXATIONS

Current period profit  
Add:- Penalty Expense  
  
Less:- Interest Income  
Taxable Profit  
Profit tax 30%  
Less:- withholding tax receivable

<u>Birr</u>	2021 <u>Birr</u>
3,751,906	
<u>2,468</u>	
3,754,374	-
<u>(2,356,606)</u>	
1,397,768	-
419,330	
<u>(10,742)</u>	
<u>408,588</u>	-

