

CATERING AND TOURISM TRAINING INSTITUTE
GUENET HOTEL

AUDITORS' REPORT AND ACCOUNTS

30 JUNE, 2023

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HABTEWOLD MENKIR
CHARTERED CERTIFIED ACCOUNTANTS (U.K.)
AND AUTHORIZED AUDITOR (ETHIOPIA)

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CATERING & TOURISM TRAINING INSTITUTE
GUENET HOTEL
FULL IFRS FINANCIAL STATEMENTS REPORT
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FOR THE YEAR ENDED JUNE 30 2023

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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 2023

Company TIN number

0001795308

Executive management (*as of June 30 2023*)

Ato Tilahun Zewdu Managing Director
W/zo Etsegenet Teshom Finance and Administration Manager

Independent auditors

Habtewold Menkir Audit firm
P.O. Box 4859
Tel- 0935-99-79-82
Addis Ababa
Ethiopia

Corporate office

Guenet Hotel
P.O. Box 397
Addis Ababa
Ethiopia

Principal bankers

Commercial Bank of Ethiopia S.C
P.O. Box
Addis Ababa



CATERING & TOURISM TRAINING INSTITUTE
GUENET HOTEL
FULL IFRS FINANCIAL STATEMENTS REPORT
REPORT OF THE MANAGEMENT
FOR THE YEAR ENDED JUNE 30 2023

Management has pleasure of presenting their report on the affairs of Guenet Hotel together with the financial statements for the year ended 30 June 2023, to the shareholders of Guenet Hotel. This report discloses the financial performance and state of affairs of the Company.

Incorporation and address

Guenet Hotel, which was previously under Ras Hotels Enterprise a business undertaking company transferred to Catering & Tourism Training Institute as of July 1, 1998 as a going concern a per letter dated Hidar 29, 1990 from the federal democratic Republic of Ethiopia, office of the Prime Minister.

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

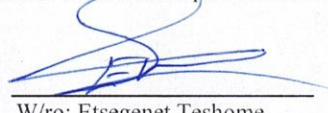
The Company's results for the year ended 30 June 2023 are set out on page 8. The profit for the year has been transferred to retained earnings. The summarized results are presented below.

	30 June 2023 ETB	30 June 2022 ETB
Revenue	37,208,310	23,448,541
Profit before income tax	(3,966,042)	(6,088,544)
Income tax expense	1,764,099	2,551,415
Total comprehensive income for the year	(2,201,943)	(3,537,128)

Management

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


Ato Tilahun Zewdu
General Manager
Addis Ababa, Ethiopia


W/ro: Etsegenet Teshome
Finance and Administration Manager



GUENET HOTEL
FULL IFRS FINANCIAL STATEMENTS REPORT
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES
FOR THE YEAR ENDED JUNE 30 2023

The Commercial Code of Ethiopia 2013 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. The responsibilities include;

- a) Designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to error or fraud;
- b) selecting suitable accounting policies supported by reasonable and prudent judgments and estimates, that are consistently applied; and
- c) 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

The Management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit or loss.

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

Signed on behalf of the Management by:


Ato Tilahun Zewdu
General Manager


W/ro: Etsegenet Teshome
Finance and Administration Manager



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HABTEWOLD MENKIR
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Ref No-HWM104/16

INDEPENDENT AUDITORS' REPORT
CATERING AND TOURISM TRAINING INSTITUTE
GUENET HOTEL

1. UNQUALIFIED OPINION

We have audited the accompanying financial statements of Catering and Tourism Training Institute Guenet Hotel which comprise the statement of the financial position as at 30 June 2023, Statement of comprehensive income, Statement of changes in equity, Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all materials respects, the financial position of the Company as at 30 June, 203 its financial performance and cash flows for the year ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2. BASIS OF UNQUALIFIED OPINION

We conducted our audit in accordance with International Standards on auditing (ISAs). Our responsibilities under those standards are further described in the auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the Company in accordance with the international Ethics Standards Board for Accountants' code of Ethics for Professional Accounts (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgments, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



The Company has been in IFRS conversation process as a first time adopter. As a result, various new accounting policies have been selected and implemented. The comparative figures as well as opening balances of the previous year were reinstated based on the accounting policy selected. Proper selection and application of the new accounting policies starting from the date of transition i.e 30 June 2021 have been considered as key audit matters for our audit during the year. As a result our audit covered verification of the conversation process with effect from 30 June 2021 and consistency of the accounting policy.

4. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, decision, 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.

5. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL STATEMENTS

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.



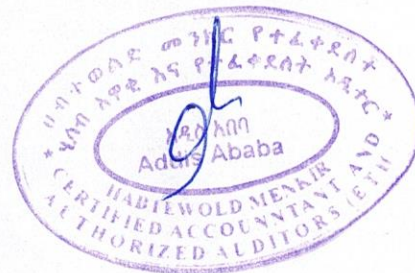
Habtewold Menkir
Chartered Certified Accountants (UK)
Authorized Auditors (ETH)
Addis Ababa
27 October, 2023



GUENET HOTEL
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30 2023

		30 June 2023	30 June 2022
	Notes	ETB	ETB
Revenue	5	37,208,310	23,448,541
Cost of sales	6	(13,261,806)	(9,239,711)
Gross profit		23,946,504	14,208,830
Other income	7	3,934,815	3,453,937
		27,881,319	17,662,767
Operating Expenses			
General and administrative expenses	9	(31,847,360)	(23,751,311)
Finance income (cost), net	8	-	-
		(31,847,360)	(23,751,311)
Profit before tax		(3,966,042)	(6,088,544)
Income tax expense	10.1	1,764,099	2,551,415
Profit after tax for the year		(2,201,943)	(3,537,128)
Other comprehensive income, net of income tax:			
obligations		-	-
Deferred tax (liability)/asset on Remeasurement gain or loss		-	-
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		(2,201,943)	(3,537,128)

The notes on pages 8 to 27 are an integral part of these financial statements.



GUENET HOTEL
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

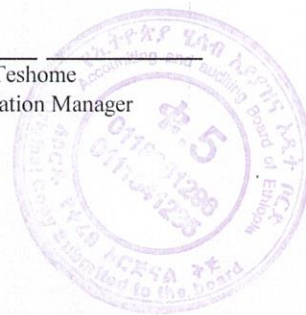
		JUNE 30, 2023	2022	2021
	Notes	ETB	ETB	ETB
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	11	138,770,371	144,091,606	148,961,683
Investment Property		5,557,205	5,876,306	6,195,408
Right of Use land	12	1,304,774,673	1,304,774,673	1,304,774,673
Bond - Instrument		1,000,000	1,000,000	1,000,000
Total Non-Current Assets		1,450,102,249	1,455,742,585	1,460,931,764
Current Assets				
Inventories	13	1,158,298	1,200,602	674,813
Trade Receivables	14	51,795	995,173	1,614,792
Other Receivables	15	194,213	108,249	1,151,460
Cash and Bank Balances	16	32,985,743	38,725,626	38,144,399
Total Current Assets		34,390,048	41,029,651	41,585,464
Total Assets		1,484,492,297	1,496,772,236	1,502,517,228
EQUITY AND LIABILITIES				
Equity				
Paid Up Capital	17	1,177,283	1,177,283	1,177,283
Retained Earnings	18	26,813,727	41,544,003	45,079,218
Deemed Cost In excess of carrying value		1,407,895,221	1,407,895,221	1,407,895,221
Legal Reserve	20	-	-	-
Total Equity		1,435,886,231	1,450,616,507	1,454,151,722
Non-Current Liability				
Provision for fence Construction	22	850,703	1,041,164	1,041,164
Retirement Benefit Obligation	23	2,878,517	2,057,924	2,026,590
Deferred Tax Liability	10.4	37,078,619	40,617,042	43,572,788
Total Non-Current Liability		40,807,840	43,716,131	46,640,542
Current Liabilities				
Trade Payables	24	958,682	635,767	854,648
Other Liabilities	25	5,140,233	1,410,245	870,315
Current Income Tax Liabilities	10.3	1,699,310	393,588	-
Total Current Liabilities		7,798,226	2,439,599	1,724,963
Total Liability		48,606,066	46,155,730	48,365,505
Total Equity and Liabilities		1,484,492,298	1,496,772,236	1,502,517,227

The notes on pages 8 to 27 are an integral part of these financial statements.

The financial statements on pages 8 to 27 were approved and authorized for issue by the Company management on 27 August 2020 and were signed on its behalf by:

Ato Tilahun Zewdu
General Manager

W/ro: Etsegenet Teshome
Finance and Administration Manager



GUENET HOTEL
STATEMENT OF CHANGES IN EQUITY
AS AT JUNE 30, 2023

		Paid up capital	Retained earnings	Reserve for excess deemed cost over carrying value	Total
	Notes	ETB	ETB	ETB	ETB
As at 31 JULY 2021		1,177,283	45,079,218	1,407,895,221	1,454,151,722
Profit for the year	18	-	(3,537,128)	-	(3,537,128)
Other comprehensive income		-	-	-	-
Total Comprehensive Income For The Year		-	(3,537,128)	-	(3,537,128)
Transfer to Legal Reserve		-	-	-	-
Dividend Paid		-	-	-	-
rollover adj		-	-	-	-
As at 30 JUNE 2022		1,177,283	41,544,003	1,407,895,221	1,450,616,507
As at 1 JULY 2022		1,177,283	41,544,003	1,407,895,221	1,450,616,507
Profit for the year	18	-	(2,201,943)	-	(2,201,943)
Other comprehensive income		-	-	-	-
Total Comprehensive Income For The Year		-	(2,201,943)	-	(2,201,943)
Payment to ERCA			(11,693,856)		(11,693,856)
Prior year adjustment			(834,478)		(834,478)
		-	(12,528,333)	-	(12,528,333)
As at 31 JULY 2023		1,177,283	26,813,727	1,407,895,221	1,435,886,231

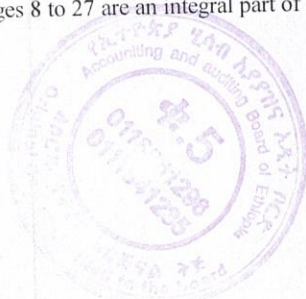
The notes on pages 8 to 27 are an integral part of these financial statements.



GUENET HOTEL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30 2023

		2023	2022
	Notes	ETB	ETB
Cash Flows From Operating Activities			
Cash generated from operations	26	11,409,976	4,679,728
Interest paid	8	-	-
Income tax paid	10.1	(12,162,458)	(10,742)
Net cash generated from (used in) operating activities		(752,482)	4,668,986
Cash Flows From Investing Activities			
Acquisition of investment security		-	-
Acquisition of property, plant and equipment		(4,767,741)	(6,750,399)
cash payment for construction in progress		63,400	
Proceeds from sales of PPE			
Net cash generated from (used in) investing activities		(4,704,341)	(6,750,399)
Cash Flows From Financing Activities			
Loans/advances	18	-	-
Bank overdraft		-	-
Bank loans	18	(283,061)	2,716,566
Refunds/settlements	17		
Additional Investment	21	-	-
Settlement of Lease Obligation			
Net cash generated from (used in) financing activities		(283,061)	2,716,566
Net increase (decrease) in cash and cash equivalents		(5,739,884)	635,153
Cash and Cash equivalents at the beginning of the year	16	38,725,626	38,144,399
Cash and Cash equivalents at the end of the year	16	32,985,742	38,779,552
Cash and cash equivalent is composed of:			
		0	
Cash on hand		56,841	53,926
Cash at bank		32,928,902	38,725,626
		32,985,743	38,779,552

The notes on pages 8 to 27 are an integral part of these financial statements.



1 General information

Guenet Hotel, which was previously under Ras Hotels Enterprise a business undertaking company transferred to Catering & Tourism Training Institute as of July 1, 1998 as a going concern a per letter dated Hidar 29, 1990 from the federal democratic 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,

COMPANY LOCATION

At present, the company's head office is located in Addis Ababa City Administration, Kirkos Sub City, Woreda 11, 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, 2023 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 statements.

The financial statements for the year ended JUNE 30, 2023 are the first the Company has prepared in accordance with International Financial Reporting Standards (IFRS). Refer to note 32 for information on how the Company adopted 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 in note 3.

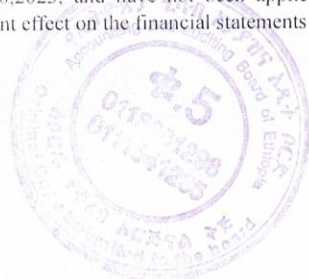
2.2.1 Going concern

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 yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after JUNE 30, 2023, 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 Company, except the following set out below:



2 Summary of significant accounting policies (continued)

2.2.2 Changes in accounting policies and disclosures (continued)

New Standards, amendments, interpretations issued and adopted early (continued)

Management anticipates that all relevant pronouncements will be adopted early as possible or after the effective date of the pronouncement. New Standards, amendments and Interpretations either adopted or listed below have been disclosed as they are expected to have a material impact on the Company's financial statement.

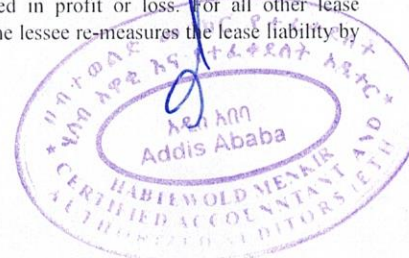
<i>New and Amendments to standards</i>	<i>Effective for annual periods</i>
IFRS 16 Leases (early adopted)	1 January 2019
Amendments to IAS 12 Income Taxes:	1 January 2019
Amendments to IAS 23 Borrowing Costs:	1 January 2019
Amendments to IAS 28 - Long-term	1 January 2019

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 standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The entity is assess the expected impact of this standard and implemented in this accounting period before the effective date at 31 December, 2018 as permitted by IFRS 16 the entity applied the modified retrospective approach to existing operating leases which are capitalized under the new standard with the cumulative effect recognized at the date of initial application as an adjustment to the opening balance of retained earnings with no restatement of comparative information in the financial statements. For existing finance leases, the carrying amounts before transition represented the 31 December, 2018 values assigned to the right of use asset and lease liability.

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 underlying asset.
- 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 re-measurement 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 payments.
- 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 adjustment to the right-of-use asset.



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 (continued)

- 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. This
- 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

The amendment specifies that the income tax consequences on dividends are recognized in profit or loss, other comprehensive income or equity according to where the entity originally recognized the events or transactions which generated the distributable reserves.

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 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.

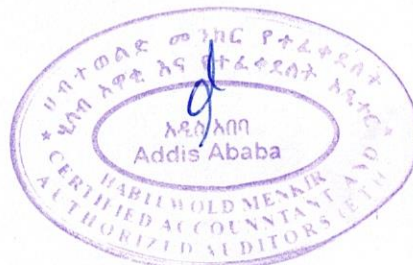
Uncertainty over Income Tax Treatments

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 with IAS 28).



GUENET HOTEL
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023

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 translation

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).

b) 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

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 in-house valuers and the reconstructed historical cost was taken as deemed cost in the preparation of the statement of financial position as at 31 December 2018.

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.

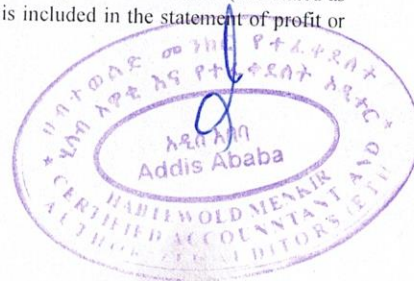
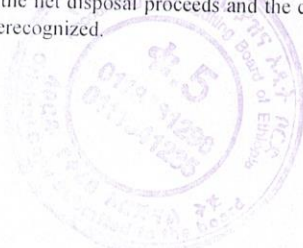
Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced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

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	12

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

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.



2 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 intended use.

2.5 Impairment of non-financial assets

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 cash-generating 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

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 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 measurement

Classification and initial measurement of financial assets

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 (where applicable).

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 (continued)

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 expenses.

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 requirements apply (see below).

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 active market exists.

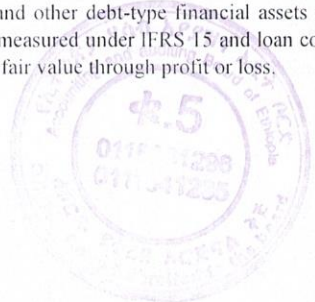
The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and
- 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 (continued)

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 assets

'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.

Trade and other receivables and contract assets

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 using a provision matrix.

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 liabilities

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 normal course of business and in event of default, insolvency or bankruptcy of the Company or the counterparty.



2 Summary of significant accounting policies (continued)

2.7 Financial instruments - initial recognition and subsequent measurement (Continued)

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 debtors.

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 intragroup sales.

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 assured.

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 can be measured reliably.

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 flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

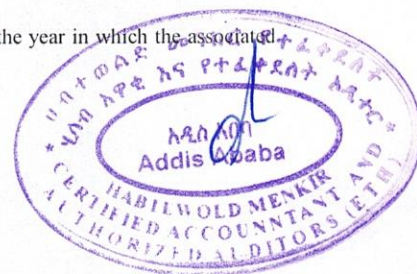
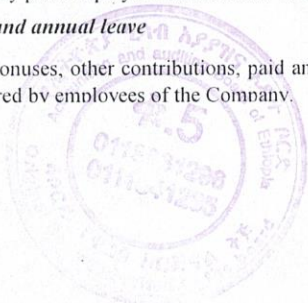
Other instances of revenue are recognized when the underlying quid pro quo requirements have been fairly met and the right to receive the related sum is assured.

2.11 Employee benefits

The Company's only post-employment schemes is defined contribution pension plans.

a) Wages, salaries and annual 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 (continued)

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.

2.12 Fair value measurement

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:

- 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 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:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- 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.

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

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.



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

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 conveys 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 period in which they

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

(b) Deferred tax

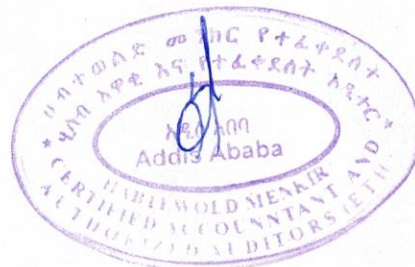
Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred tax is not accounted 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 related deferred tax asset is realized or the deferred tax liability is settled.

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.

Deferred tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.



3 Significant accounting judgments, estimates and assumptions

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 Judgments

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 described below.

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 assumptions when they occur.

Fair value measurement of financial instruments

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

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

Fair value estimation (Judgment)

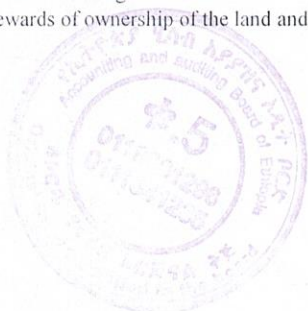
The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available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

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

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.



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

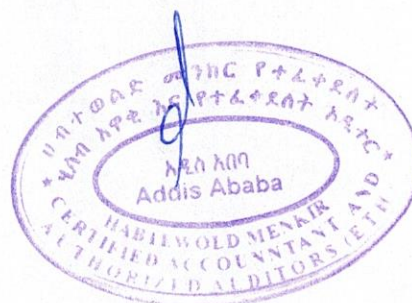
Financial instruments by category

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.

Financial instruments are classified in the statement of financial position in accordance with their legal form and substance.

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

			At fair value through profit or loss ETB	At amortized cost ETB	Total ETB
07 July 2019	Notes				
Cash and balances with banks	16	-	32,985,743	32,985,743	
Trade receivables	14	-	51,795	51,795	
Other receivables excluding prepayments	15	-	194,213	194,213	
Total financial assets		-	33,231,751	33,231,751	
07 July 2018					
Cash and balances with banks	16	-	38,725,626	38,725,626	
Trade receivables	14	-	995,173	995,173	
Other receivables excluding prepayments	15	-	108,249	108,249	
Total financial assets		-	39,829,049	39,829,049	
8 July 2017					
Cash and balances with banks	16	-	38,144,399	38,144,399	
Trade receivables	14	-	1,614,792	1,614,792	
Other receivables excluding prepayments	15	-	1,151,300	1,151,300	
Total financial assets		-	40,910,491	40,910,491	



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 executive management.

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 30,2023 ETB	JUNE 30,2022 ETB	JUNE 30,2021 ETB
Cash and balances with banks	32,985,743	38,725,626	38,144,399
Trade receivables	51,795	995,173	1,614,792
Other receivables excluding prepayments	194,213	108,249	1,151,300
	33,231,751	39,829,049	40,910,491

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 30,2023,JUNE 30,2022 and JUNE 30,2021 and are held in banks have been classified as non-rated as there are no credit rating agencies in Ethiopia.

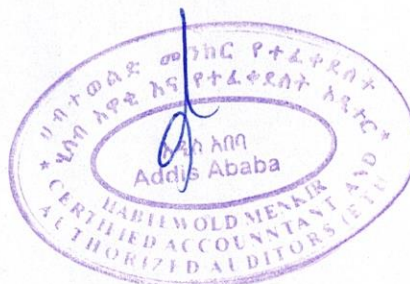
(b) Credit quality of Trade and other receivables

(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 in to account. The mangment considered the contractual engagement with the customers as well as customers current economic condition and business involvemtn is given a top consideration. On the above basis the expected credit loss for trade receivables as well as related party receivables together as at JUNE 30,2023 and December 2019 was determined as follows:

	0-90 days	> 90 days	> 180 days	> 360 days	> 730 days	> 6 year	Total
31-Dec-20							
Expected credit loss rate	0%	5%	10%	15%	20%	100%	
Gross carrying amount (ETB)							
Lifetime expected credit loss (ETB)	-	-	-	-	-	-	
31-Dec-19							
Expected credit loss rate	0%	5%	10%	15%	20%	100%	
Gross carrying amount (ETB)							
Lifetime expected credit loss (ETB)	-	-	-	-	-	-	
31-Dec-18							
Expected credit loss rate	0%	5%	10%	15%	20%	100%	
Gross carrying amount (ETB)							
Lifetime expected credit loss (ETB)	-	-	-	-	-	-	



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 7 July 2019, 7 July 2018 and 7 July 2017 reconciles with the trade receivables loss allowance opening balance as follows:

	ETB
Trade receivables	-
Loss allowance as at JUNE 30,2021 calculated under previous framework	-
IFRS 9 transition adjustments	-
Opening loss allowance at JUNE 30,2021	-
Loss allowance recognized during the year	-
Loss allowance as at JUNE 30,2022	-
Loss allowance recognized during the year	-
Loss allowance as at JUNE 30,2023	-

(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 expected to incurred but have not been identified on receivables subject to assessment for impairment.

	JUNE 30,2023 ETB	JUNE 30,2022 ETB
Expected (reversal) / loss	-	-
	-	-

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 30,2023, JUNE 30,2022 and JUNE 30,2021. The Company concentrates all its financial assets in Ethiopia.

	Public ETB	Private ETB	Total ETB
JUNE 30,2023			
Cash and balances with banks	-	32,985,743	32,985,743
	-	32,985,743	32,985,743
JUNE 30,2022			
Cash and balances with banks	-	38,725,626	38,725,626
	-	38,725,626	38,725,626
JUNE 30,2021			
Cash and balances with banks	-	38,144,399	38,144,399
	-	38,144,399	38,144,399



4 Financial risk management (continued)

4.4 Credit risk (continued)

4.4.2 Credit quality analysis(continued)

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 risk-adjusted 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 to the fair value measurement is directly or indirectly observable.

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 data 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, 2023		JUNE 30, 2022		JUNE 30, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	ETB	ETB	ETB	ETB	ETB	ETB
Financial assets						
Cash and balances with banks	32,985,743	32,985,743	38,725,626	38,725,626	38,144,399	38,144,399
Trade receivables	51,795	51,795	995,173	995,173	1,614,792	1,614,792
Other receivables excluding prepayments	194,213	194,213	108,249	108,249	1,151,300	1,151,300
Total	33,231,751	33,231,751	39,829,049	39,829,049	40,910,491	40,910,491
Financial liabilities						
Trade payables	958,682	958,682	635,767	635,767	854,648	854,648
Other liabilities	3,573,223	3,573,223	716,297	716,297	463,183	463,183
Total	4,531,905	4,531,905	1,352,064	1,352,064	1,317,831	1,317,831

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.



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NOTES TO THE FINANCIAL STATEMENTS
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5	Revenue	30 June 2023	30 June 2022
		ETB	ETB
	Food Service Income	25,834,397	15,080,339
	Beverage Income	4,586,194	3,427,191
	Rental Income	5,163,149	4,350,117
	Cafferia Income	1,624,569	590,893
	HOTEL SERVICE INCOME- For Managers	-	-
		37,208,310	23,448,541
6	Cost of sales		
	Hotel Service cost-Food	10,508,458	7,402,713
	Hotel Service cost -Beverage & others	2,753,348	1,836,998
	Travel and Perdiem	-	-
		13,261,806	9,239,711
7	Other income		
	Parking	372,355	97,907
	Divedend income	-	-
	Tax Retrun	-	-
	Others	1,654,335	999,423
	Gain in Disposal of Fixed asset	-	-
	Interest Income	1,908,124	2,356,606
	Total other income	3,934,815	3,453,937
7.1	Foreign Exchange Gain		
	Realized	-	-
	Unrealized	-	-
8	Finance costs		
	interest on loan	-	-
		-	-



GUENET HOTEL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

9	General and administration expenses	30 June 2023	2022
		ETB	ETB
	Advertisement Expense	42,848	26,496
	Bank Service Charge	6,627	58,067
	Depreciation Expense-General	10,339,548	10,350,639
	Annual leave Expense	777,828	293,739
	Severance expense	820,593	31,334
	Expected Credit loss	1,326	-
	Fuel and Lubricant Expenses	667,211	113,942
	Insurance Expenses	197,065	119,842
	Donation Expense	329,258	50,000
	Supplies Expenses	387,646	158,947
	Board of Directors fee	192,000	203,000
	Heat & Electricity Expense	323,357	197,750
	Miscellaneous Expenses-General	947,018	796,171
	Interest Expense	95,406	117,830
	Penalty and Fines Expenses	57,178	2,468
	Professional and Membership Fees-General	301,172	44,539
	license & Registration fee	204	4,203
	Repair and Maintenance Expenses	1,085,006	1,254,734
	Commision Expense	1,870	2,259
	Entertainment expense	13,465	22,000
	Salary and Benefit Expenses	15,188,899	9,856,647
	Telephone, Internet & other subscriptions	71,835	45,701
	Travel & Perdiem Expenses	-	1,000
		31,847,360	23,751,311
10	Income and deferred tax		
10.1	Current income tax		
	Current taxation based on taxable profit (note 10.2)	1,774,324	404,330
	Deferred income tax charge(credit) to profit or loss (note 10.4)	(3,538,423)	(2,955,745)
	Total charge to profit or loss	(1,764,099)	(2,551,415)
	Tax charge (credit) on other comprehensive income	-	-
	Total tax in statement of comprehensive income	(1,764,099)	(2,551,415)



GI ENET HOTEL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

10 Income and deferred tax (continued)

10.2 Current taxation based on taxable profit

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 2023 ETB	30 June 2022 ETB
Profit before tax	(3,966,042)	(6,088,544)
Non-deductible expenses		
Depreciation per accounting policy	10,025,576	10,031,536
Amortization per accounting policy	-	-
Interest income	(1,908,124)	(2,356,606)
Donation Expense	(329,258)	(50,000)
Dividend income (Taxed)	-	-
Severance Expense	820,593	31,334
Accrued annual leave expense	777,828	293,739
Expected Credit Loss	1,326	-
Non taxable Gain on disposal of PPE	-	-
Tax refund	-	-
Penalty	57,178	2,468
	5,479,077	1,863,927
Less:		
Unrealized foreign exchange gain	-	-
De-recognized expense	1,676,767	319,100
Loss Carry forward-2016	-	-
Loss Carry forward-2017	-	-
Capital Allowance (Depreciation per tax law)	(1,241,431)	(835,261)
Capital Allowance (amortization of deferred expenditure per tax law)	-	-
Taxable income	5,914,413	1,347,766
Current Tax Expense (30%)	1,774,324	404,330
10.3 Current income tax liability		
Balance at the beginning of the year	393,588	-
Charge for the year (note 11.2)	1,774,324	404,330
Advance profit tax paid	(75,014.09)	(10,742)
Payment during the year	(393,588)	-
Balance at the end of the year	1,699,310	393,588

10.4 Deferred income tax

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 pre-operational expenditure and post-employment benefit obligation for financial reporting and tax purpose.

	30 JUNE 2023 ETB	30 JUNE 2022 ETB	30 JUNE 2021 ETB
10.4.1 Property, plant and equipment (PPE)			
Carrying amount of PPE (Note 11)	138,770,371	144,091,606	148,961,683
Less: Tax written-down value	(15,643,167)	(12,174,237)	(7,842,022)
Total temporary difference	123,127,204	131,917,369	141,119,661
Attributable to deemed cost exercise	(141,119,661)	(141,119,661)	(141,119,661)
Attributable to other differences recognized in Profit or Loss	(17,992,457)	(9,202,292)	-
Deferred Tax Attributable to deemed cost exercise	42,335,898	42,335,898	42,335,898
Effect of current year excess depreciation	-	-	-
	42,335,898	42,335,898	42,335,898
Attributable to other differences recognized in Profit or Loss	(5,397,737)	(2,760,688)	-
Total Deferred Tax Liability (asset) on PPE	36,938,161	39,575,211	42,335,898



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10.4.2 Right of Use Land-Owner occupied	30 JUNE 2023	30 JUNE 2022	30 JUNE 2021
	ETB	ETB	ETB
Carrying amount of ROU-land (Note 12)	1,304,774,673	1,304,774,673	1,304,774,673
Less: Tax written-down value (Annex 1)	-	-	-
Total temporary difference	1,304,774,673	1,304,774,673	1,304,774,673
Attributable to deemed cost exercise	-	-	-
Attributable to other differences recognized in Profit or Loss	-	-	-
Total Deferred Tax Liability (asset) on ROU Land-Leasehold	-	-	-
10.4.3 Investment Property			
Carrying amount of ROU Building (Note 12)	5,557,205	5,876,306	6,195,408
Less: Tax written-down value	-	-	-
Total temporary Difference	5,557,205	5,876,306	6,195,408
Total Deferred Tax Liability (asset) on ROU Building	1,667,162	1,762,892	1,858,622
Attributable to deemed cost exercise	-	-	4,336,785
10.4.4 Trade Receivable and Related Party Receivable (Expected Credit Loss)			
Carrying amount Trade receivable	51,795	995,173	1,614,792
Carrying amount Related party	-	-	-
Less: Tax Base Trade Receivable	(53,120)	(995,173)	(1,614,792)
Tax Base Related party	-	-	-
Deductible Temporary Difference	(1,326)	-	-
Deferred Tax Liability (asset) on ECL	-	-	-
The deferred tax asset on the trade receivable was not recognized as the probability of realization in the near future is remote.			
10.4.5 Termination benefit obligation:			
Carrying amount	2,878,517	2,057,924	2,026,590
Less: Tax Base	-	-	-
Total Temporary Difference	2,878,517	2,057,924	2,026,590
Total Deferred Tax Liability (asset) on PPE	(863,555)	(617,377)	(607,977)
10.4.6 Lease Obligation			
Carrying amount	-	-	-
Less: Tax Base	-	-	-
Deductible Temporary Difference	-	-	-
Deferred Tax Liability (asset) on LO	-	-	-
10.4.7 Trade and Other Payables			
Carrying amount	6,098,916	2,046,011	1,724,963
Less: Tax Base	(3,864,348)	(1,676,328)	(1,649,019)
Deductible Temporary Difference	2,234,568	369,684	75,945
Deferred Tax Liability (asset) on TOD	(670,370)	(110,905)	(22,783)
10.4.8 Deferred Expenditure			
Carrying amount	18,056	24,074	30,092
Less: Tax Base	-	-	-
Timing difference	18,056	24,074	30,092
Deferred Tax Liability (asset) on Derecognized Deferred	5,417	7,222	9,028
Total Deferred Tax Liability (asset)	-	-	-
The analysis of Deferred tax assets/(liabilities) is as follows:			
To be recovered after more than 12 months	-	-	-
To be recovered within 12 months	-	-	-



GUENET HOTEL
NOTES TO THE FINANCIAL STATEMENTS
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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 2022	Credit/ (charge) to profit or loss	Credit/ (charge) to equity	At 30 June 2023
	ETB	ETB	ETB	ETB
Reserve for Excess Deemed Cost over				
Carrying Value	42,335,898	-	-	42,335,898
Other timing Differences on Property, Plant				
and Equipment	(2,760,688)	(2,637,049)	-	(5,397,737)
Trade and Other Receivable	-	-	-	-
ROU Land- Leasehold	-	-	-	-
investment Property	1,762,892	(95,730)	-	1,667,162
Lease Obligation-Right of use Land	-	-	-	-
Post Employment Benefit Obligation	(617,377)	(246,178)	-	(863,555)
Trade and Other Payables	(110,905)	(559,465)	-	(670,370)
Deferred Expenditure	7,222	-	-	7,222
Total Deferred Tax Liabilities/(Assets)	40,617,042	(3,538,423)	-	37,078,619

Deferred Income Tax Liabilities/(Assets):	At 30 June 2021	Credit/ (charge) to profit or loss	Credit/ (charge) to equity	At 30 June 2022
	ETB	ETB	ETB	ETB
Reserve for Excess Deemed Cost over				
Carrying Value	42,335,898	-	-	42,335,898
Other timing Differences on Property, Plant				
and Equipment	-	(2,760,688)	-	(2,760,688)
ROU Land	-	-	-	-
investment Property	1,858,622	(95,730)	-	1,762,892
Lease Obligation-Right of use Land	-	-	-	-
Trade Receivable	-	-	-	-
Post Employment Benefit Obligation	(607,977)	(9,400)	-	(617,377)
Trade and Other Payables	(22,783)	(88,122)	-	(110,905)
Deferred Expenditure	9,028	(1,805)	-	7,222
Total Deferred Tax Liabilities/(Assets)	43,572,788	(2,955,745)	-	40,617,042

	31 DEC 2020	31 DEC 2019	2018
	ETB	ETB	ETB
10.5 Investment -Financial instrument			
Balance brought forward	1,000,000.00	1,000,000.00	#####
Current Period Change(Change in FV)			-
ADDITIONAL INVESTMENT			
Equity instrument	1,000,000	1,000,000	1,000,000



GUENET HOTEL
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2023

11 Property, plant and equipment

	Building		Plant & Machinery		Motor Vehicles		Computer and Electronics		Office Furniture		Equipment & Machinery		Kitchen & Utilities		Total	
	ETB		ETB		ETB		ETB		ETB		ETB		ETB		ETB	
Cost																
As at 30 JUNE 2021	130,984,720				2,800,000		1,146,073		2,268,960		10,121,650		1,640,280		148,961,683	
Additions	6,354,247						47,213				306,339		42,600		6,750,399	
TRANSFER	(1,588,940)														(1,588,940)	
Disposal																
As at 30 JUNE 2022	135,750,027		-		2,800,000		1,193,286		2,268,960		10,427,989		1,682,880		154,123,142	
As at 30 JUNE 2022	135,750,027		-		2,800,000		1,193,286		2,268,960		10,427,989		1,682,880		18,373,115	
Additions	3,029,174				-		162,757		540,715		51,721		117,070		4,767,741	
Disposal											(63,400)				(63,400)	
As at 30 JUNE 2023	138,779,201		-		2,800,000		1,356,043		2,809,675		10,416,310		1,799,950		158,827,483	

Accumulated Depreciation

As at 30 JUNE 2021					140,000		114,707		435,670		779,030		195,070		10,031,536	
Charge for the year (Depreciation)	8,367,060															
Charge for the year (disposal)																
As at 30 JUNE 2022	8,367,060		-		140,000		114,707		435,670		779,030		195,070		10,031,536	
As at 30 JUNE 2022	8,367,060		-		140,000		114,707		435,670		779,030		195,070		10,031,536	
Charge for the year (Depreciation)	8,367,060				140,000		123,043		413,520		779,030		202,923		10,025,576	
Charge for the year (disposal)																
As at 30 JUNE 2023	16,734,120		-		280,000		237,750		849,190		1,558,059		397,993		20,057,112	

Net book value

As at 30 JUNE 2021	130,984,720		-		2,800,000		1,146,073		2,268,960		10,121,650		1,640,280		148,961,683	
As at 30 JUNE 2022	127,382,967		-		2,660,000		1,078,579		1,833,290		9,648,959		1,487,810		144,091,606	
As at 30 JUNE 2023	122,045,081		-		2,520,000		1,118,293		1,960,485		8,858,251		1,401,957		138,770,371	

13a Construction in progress

Construction in progress relates to the construction found in head quarter.

13b Impairment review

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

GUENET HOTEL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

12 Right of Use Asset (ROUA)

	Lease hold Asset ETB	Total ETB
Cost		
As at JUNE 30,2021	1,304,774,673	1,304,774,673
Additions	-	-
As at JUNE 30,2022	1,304,774,673	1,304,774,673
As at JUNE 30,2022	1,304,774,673	1,304,774,673
Additions	-	-
As at JUNE 30,2023	1,304,774,673	1,304,774,674
Accumulated Amortization		
As at JUNE 30,2021	-	-
Charge for the year	-	-
As at JUNE 30,2022	-	-
As at JUNE 30,2022	-	-
Charge for the year	-	-
As at JUNE 30,2023	-	1
Net book value		
As at JUNE 30,2021	1,304,774,673	1,304,774,673
As at JUNE 30,2022	1,304,774,673	1,304,774,673
As at JUNE 30,2023	1,304,774,673	1,304,774,673

13 Inventories

	30 June 2023 ETB	30 June 2022 ETB	30 June 2021 ETB
Stock items -Beverages	148,742	78,111	73,647
Stock items -Food	521,276	670,078	290,928
Stationary	153,008	171,964	116,775
Bottles & Containers	110,679	84,934	76,789
Others	224,593	195,516	116,674
Gross amount	1,158,298	1,200,602	674,813
Allowance for write-down of inventory	-	-	-
	1,158,298	1,200,602	674,813
Goods in transit	-	-	-
	1,158,298	1,200,602	674,813



GUENET HOTEL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	30 June 2023	30 June 2022	30 June 2021
	ETB	ETB	ETB
14 Trade receivables			
Trade receivable	53,120	995,173	1,614,792
Less: Allowance for Expected Credit Loss	(1,326)	-	-
	51,795	995,173	1,614,792

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

14a The movements in impairment allowance for trade receivable is analyzed below:

Balance at the beginning of year	-	-	-
Impairment loss recognized on receivables	1,326	-	-
Impairment loss reversed	-	-	-
Balance at end of the year	1,326	-	-

15 Other receivables

<i>Other financial Assets</i>			
Sundry Debtors	-	-	154,768
Guest Account	-	-	867,278
Purchase Advance and Prepayments	-	-	160
Staff Debtor	194,213	108,249	129,255
	194,213	108,249	1,151,461

Other non - financial Assets

Withholding tax receivable	75,014	10,742	-
Value added tax receivable	-	-	-
	-75,014	-10,742	-

Gross amount

	194,213	108,249	1,151,460
Collective impairment	-	-	-
	194,213	108,249	1,151,460

Maturity analysis

Current	194,213	108,249	1,151,460
Non- current	-	-	-
	194,213	108,249	1,151,460

16 Cash and bank balances

Cash on hand	56,841	53,926	38,144,399
Cash at bank	32,928,902	38,671,700	-
16A Bank Overdraft	32,985,743	38,725,626	38,144,399



GUENET HOTEL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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.

	30 June 2023 ETB	30 June 2022 ETB	30 June 2021 ETB
Authorized:			
REGISTERD CAPITAL	1,177,283	1,177,283	1,177,283
Issued and fully paid:			
REGISTERD CAPITAL	1,177,283	1,177,283	1,177,283

18 Retained earnings

At the beginning of the year	41,544,003	45,079,218	-
Subtotal		45,079,218	-
Transfer to Paid up capital		-	-
Profit for the year	(2,201,943)	(3,537,128.39)	-
Prior year adjustment	(834,478)	-	-
profit tax paid to ERCA	(11,693,856)	-	-
Transfer to Legal Reserve (Note 20)			
At the end of the year	26,813,727	41,544,003	45,079,218

Prior Year Adjustment	(858,399.65)
Errors	23,922.00
	(834,477.65)

The company made prior year adjustment of 858,399.65 birr for the year ended June 30,2023 and deducted from the retained earnings 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

19 Reserve for excess deemed cost over carrying value

	30 June 2023 ETB	30 June 2022 ETB	30 June 2021 ETB
Revalued amount at date of transition PPE	138,770,371	144,091,606	148,961,683
Revalued amount at date of transition IP	6,195,408	6,195,408	6,195,408
	144,965,779	150,287,013	155,157,091
Carrying value at date of transition PPE	(15,643,167)	(12,174,237)	(7,842,022)
Revaluation surplus at date of transition	144,965,779	138,112,776	147,315,069
Deferred Tax on Revaluation	(43,489,734)	(41,433,833)	(44,194,521)
Revalued amount at date of transition ROU LAND	1,304,774,673	1,304,774,673	1,304,774,673
	1,406,250,718	1,401,453,616	1,407,895,221
Transfer to retained earnings in respect of excess depreciation of the revalued assets net of deferred	1,644,503	6,441,605	-
Reserve for excess deemed cost over carrying value	1,407,895,221	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.

20 Legal reserve

Balance at the beginning of the year	-	-
Transfer from retained earnings	-	-
At the end of the year	-	-

21 Lease Obligation

	30 June 2023 ETB	30 June 2022 ETB	30 June 2021 ETB
Balance at beginning of year	-	-	-
Addition during the year	-	-	-
Settlement made during the year	-	-	-
Balance at the end of the year	-	-	-



GUENET HOTEL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

21.1 Lease Obligation- Current Portion			
lease obligation -current portion		-	-
lease obligation - non current portion	-	-	-
Balance at the end of the year	-	-	-
22 Provision for fence construction			
	30 June 2023	30 June 2022	30 June 2021
	ETB	ETB	ETB
Balance at beginning of year	1,041,164	1,041,164	-
Addition during the year			-
Settlement made during the year	(190,461)	-	-
Balance at the end of the year	<u>850,703</u>	<u>1,041,164</u>	<u>1,041,164</u>
23 Retirement benefit obligation			
	30 June 2023	30 June 2022	30 June 2021
	ETB	ETB	ETB
Defined benefits liabilities:			
- Severance benefit plan (note 23.1)	2,878,517	2,057,924	2,026,590
Liability in the statement of financial position	<u>2,878,517</u>	<u>2,057,924</u>	<u>2,026,590</u>
Income statement charge included in personnel			
- Severance benefit plan (note 23.1)	820,593	31,334	2,026,589.96
Total defined benefit expenses	<u>820,593</u>	<u>31,334</u>	<u>2,026,589.96</u>



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 2023 ETB	30 June 2022 ETB	30 June 2021 ETB
Discount rate (p.a)	20.00%	19.00%	18.00%
Long term salary increases (p.a)	12.0%	12.00%	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 30,2023: 20% JUNE 30,2022: 19%,JUNE 30,2021 : 18%) 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

(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

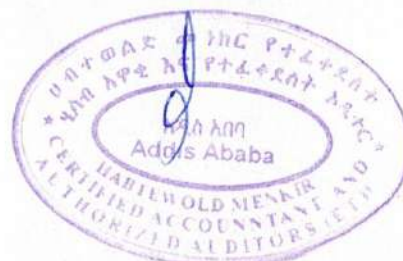
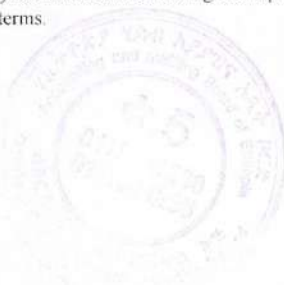
The benefits are defined as per the Labor Proclamation. Amendments to the Labor Proclamation could change these benefits and materially change the costs of the Company.

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.

	30 June 2023 ETB	30 June 2022 ETB	30 June 2021 ETB
24 Trade payables			
Trade payables	958,682	635,767	854,648
	<u>958,682</u>	<u>635,767</u>	<u>854,648</u>

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 2023

25 Other liabilities

Other financial liabilities

	30 June 2023 ETB	30 June 2022 ETB	30 June 2021 ETB
Accruals	3,331,653	420,761	150,994
Deferred Income	-	-	(334,671)
Sundry Payables	241,570	295,535	646,860
	<u>3,573,223</u>	<u>716,297</u>	<u>463,183</u>

Other non - financial liabilities

Value added tax payable	1,095,781	372,023	84,603
Payroll Deductions	291,354	189,524	319,964
Pension & Provident Payable	161,487	110,417	-
Withholding tax payable	18,389	21,984	-
Cash Inmenti	-	-	2,565
	<u>1,567,011</u>	<u>693,948</u>	<u>407,132</u>
	<u>5,140,235</u>	<u>1,410,245</u>	<u>870,315</u>



GUENET HOTEL
NOTES TO THE FINANCIAL STATEMENTS
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	30 June 2023 ETB	2022 ETB
26 Cash generated from operating activities		
Profit before income tax	(3,966,042)	(6,088,544)
Adjustments for:		
Interest expenses on finance lease		
Depreciation of property, plant and equipment	10,025,576	10,031,536
Amortization of right-of-use-Land	-	-
Amortization of right-of-use-Building	-	-
Annual leave Expense	777,828	293,739
Expected Credit loss	1,326	-
Retirement benefit obligation	820,593	31,334
Cash flow before working capital change	7,659,280	4,268,066
Changes in working capital:		
Decrease (increase) in inventory	(1,158,298)	(525,789)
Decrease (increase) in trade receivables	942,053	619,619
Decrease (increase) in other receivables	(85,964)	1,043,211
Increase (decrease) in Trade payables	322,916	218,881
Increase (decrease) in other tax payables		(404,330)
Increase (decrease) in other liabilities	3,729,989	(539,929)
	11,409,976	4,679,728

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 is shown below.

	30 June 2023 ETB	30 June 2022 ETB	30 June 2021 ETB
Salaries and other short-term employee benefits	-	-	-
Post-employment benefits	-	-	-
Severance benefit plan	-	-	-
	-	-	-

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.

2023 ETB	30 June 2022 ETB	2021 ETB
-	-	-
-	-	-

29 Operating lease

2023 ETB	30 June 2022 ETB	2021 ETB
-	-	-
-	-	-
-	-	-
-	-	-

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



30 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, 2023 and on the profit for the year ended on that date, which have not been adequately provided for or disclosed.

31

These financial statements, for the year ended JUNE 30, 2023, are the first the Company has prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

For periods up to and including the year ended JUNE 30, 2022, the Company prepared its financial statements in accordance with its accounting framework. Accordingly, the Company has prepared financial statements which comply with IFRS applicable for periods ending on or after JUNE 30, 2023, together with the comparative period data as at and for the year ended JUNE 30, 2022, as described in the summary of significant accounting policies.

In preparing these financial statements, the Company's opening statement of financial position was prepared as at JUNE 30, 2021, the Company's date of transition to IFRS. This note explains the principal adjustments made by the Company in restating its financial statements prepared under the previous framework, including the statement of financial position as at JUNE 30, 2021 and the financial statements as at and for the year ended JUNE 30, 2022.

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Company's previous accounting framework and the Commercial Code of Ethiopia 1960. An explanation of how the transition from previous framework to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Optional exemptions applied

The Company applied the following exemptions on its transition to IFRS

Deemed cost: Property, plant and equipment and investment properties were carried in the statement of financial position prepared in accordance with previous framework using historical cost. The Company has revalued all its property, plant and equipment and investment property and elected to regard those fair values as deemed cost at the transition to IFRS.

Leases: The Company is required to determine whether an arrangement contains a lease based on the facts and circumstances existing on JUNE 30, 2021. Any contracts that exist would result in a classification based on the facts and circumstances that exist at transition date.

Fair value measurement of financial instruments at initial recognition: The application of "day 1" gain or loss recognition in IFRS 9 for financial instruments recorded at fair value may be burdensome. As a result, an exemption is offered by IFRS 1 for financial instruments carried at fair value for which there is no active market.

The Company has decided to apply the exemption and would apply the "day 1" gain or loss recognition requirements in IFRS 9 prospectively to transactions entered into after the transition date (JUNE 30, 2021).

Exemptions applied

The Company applied the following mandatory exception from retrospective application:

Estimates exception

Estimates under IFRS at January 1, 2018 are consistent with estimates made for the same date under its previous accounting framework, unless there is evidence that those estimates were in error.

The estimates used by management in preparing the transition date statement of financial position are consistent with those used under previous framework for the same date.



31 First-time adoption of IFRS for the Company (continued)

32a Reconciliation of Statement of total comprehensive income for the year ended 30 JUNE 2022

	Notes	Previous framework ETB	Reclassification ETB	Remeasurement ETB	IFRS ETB
Revenue	a)	19,098,423	4,350,118	-	23,448,541
		19,098,423	4,350,118	-	23,448,541
Expenses			-	-	-
Operating Costs	b)	(9,239,711)	-	-	(9,239,711)
Gross Profit		9,858,712	4,350,118	-	14,208,829
Other income	c)	7,804,054	(4,350,118)	-	3,453,936
Operating Profit		17,662,766	-	-	17,662,766
General and administrative expenses	d)	(13,910,860)	-	(9,722,619)	(23,633,479)
Finance income (cost), net	e)	-	-	-	-
others		-	-	-	-
Profit before income tax		3,751,906	-	(9,722,619)	(5,970,712)
Income tax expense	f)	(419,330)	-	2,955,745	2,536,415
Profit for the year		3,332,576	-	(6,766,874)	(3,434,296)
Other comprehensive income		-	-	-	-
Total Comprehensive income		3,332,576	-	(6,766,874)	(3,434,296)



GUENET HOTEL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

31 First-time adoption of IFRS for the Company (continued)

32b Reconciliation of equity as at 30 JUNE 2022

	Notes	Previous framework ETB	Reclassification ETB	Remeasurement ETB	IFRS ETB
ASSETS					
Cash and bank balances		38,725,626	-	-	38,725,626
Trade receivables	l)	4,328,667	(3,333,494)	-	995,173
Other receivables	m)	-	108,249	-	108,249
Inventories		1,200,602	-	-	1,200,602
Property, plant and equipment	g)	12,174,237	-	131,917,369	144,091,606
Right of use land	h)	-	-	1,304,774,673	1,304,774,673
Deferred Expenditure	i)	24,074	-	(24,074)	-
Investment property		-	-	5,876,306	5,876,306
Investment		1,000,000	-	-	1,000,000
Total assets		57,453,206	(3,225,245)	1,442,544,274	1,496,772,236
LIABILITIES					
Trade liabilities	r)	4,903,481	(3,974,820)	-	928,661
Other liabilities	t)	-	747,667	369,684	1,117,351
Provision for Fence for Construction		1,041,164	-	-	1,041,164
Current income tax liabilities		408,588	-	-	408,588
Deferred tax liability	n)	-	-	40,617,042	40,617,042
Retirement benefit obligation	o)	-	-	2,057,924	2,057,924
Total liabilities		6,353,234	(3,227,153)	43,044,649	46,170,730
			(1,908)		
EQUITY					
Paid Up capital		1,177,283	-	-	1,177,283
Accumulated Profit or Loss	n)	49,922,689	-	(8,393,685)	41,529,004
Deemed cost in excess of carrying amount		0	-	1,407,895,221	1,407,895,221
		51,099,972	-	1,399,501,536	1,450,601,508
Total equity and liabilities		57,453,206	(3,227,153.00)	1,442,546,186	1,496,772,238



GUENET HOTEL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

31 First-time adoption of IFRS for the Company (continued)

32c Reconciliation of equity as at 30 JUNE 2021

	Notes	Previous framework ETB	Reclassification ETB	Remeasurement ETB	IFRS ETB
ASSETS					
Cash and bank balances		38,144,399	-	-	38,144,399
Trade and Other receivables	l)	1,614,792	-	-	1,614,792
Other receivables	m)	1,151,460	-	-	1,151,460
Inventories		674,813	-	-	674,813
Property, plant and equipment	g)	7,842,022	-	141,119,661	148,961,683
Right of use building		-	-	-	-
Right of use land		-	-	1,304,774,673	1,304,774,673
Deferred Expenditure	k)	30,092	-	(30,092)	-
Investment - bond	j)	1,000,000	-	-	1,000,000
Investment - property		-	-	6,195,408	6,195,408
Total assets		50,457,578	-	1,452,059,650	1,502,517,228
LIABILITIES					
Trade liabilities	r)	854,648	-	-	854,648
Other liabilities	t)	794,370	-	75,944	870,315
Current income tax liabilities		-	-	-	-
other tax liability		-	-	-	-
Provision for fence Construction	o	1,041,164	-	-	1,041,164
Deferred tax liability		-	-	43,572,788	43,572,788
Retirement benefit obligation	o)	-	-	2,026,590	2,026,590
Total liabilities		2,690,182	-	45,675,322	48,365,505
EQUITY					
Paid up capital		1,177,283	-	-	1,177,283
Retained earnings	n)	46,574,878	-	(1,510,895)	45,079,218
Deemed Cost in excess of CV		-	-	1,407,895,221	1,407,895,221
Legal reserve		-	-	-	-
		47,752,161	-	1,406,384,325	1,454,151,722
Total equity and liabilities		50,442,344	-	1,452,059,647	1,502,517,227



GUNET HOTEL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

31	First-time adoption of IFRS for the Company (continued)	1,649,018	
32d	Notes to the reconciliation of equity and profit		
a)	Revenue	(1,649,018)	30 June 2022 ETB
	Amount reported under previous framework		19,098,423
	<u>Reclassification</u>		
i)	Reclassification to other income		4,350,117
	Amount reported under IFRS		23,448,540
i)	Under previous framework income from auxiliary activities were reported as revenue. Under IFRS it these income are presented as other income.		
b)	Operating costs		30 June 2022 ETB
	Amount reported under previous framework		9,239,711
	<u>Reclassification</u>		
I	Reclassification to Administrative Expenses		-
	<u>Remeasurement and Reclassifications</u>		
i)	Depreciation on PPE		-
	Amortization under IFRS		-
	Depreciation as per the previous framework		-
	Amount reported under IFRS		9,239,711
i)	Under previous framework		
c)	Other income		ETB
	Amount reported under previous framework		7,804,054
	<u>Reclassification</u>		
i)	Reclassification from revenue		(4,350,117)
	<u>Remeasurement and Reclassifications fro Retained earnings</u>		
	Reclassification from R.E		-
	amount reported as per the previous framework		-
	Amount reported under IFRS		3,453,937
i)	Under previous framework income from auxiliary activities were reported as revenue. Under IFRS it these income are presented as other income.		
d)	General & Administration expenses		30 June 2021 ETB
	Amount reported under previous framework		13,910,860
	<u>Reclassifications</u>		
	Reclassification to administrative exp		-
	other to admin		-
ii)	Reclassification from operating cost		-
	<u>Remeasurement</u>		
iii)	Depreciation on property plant and equipment		10,350,639
	Amortization expense		-
iii)	Depreciation as per the previous framework		(1,111,065)
	others		-
	Differeed Expenditure		-
	Amount reported under IFRS		23,150,433
i)	Reclassification of bank charges to finance cost.		
iii)	Under previous framework, selling and distribution expense was presented as part of administration expense. under IFRS, it is presented separately as selling and distribution expense.		
iii)	Under the previous framework, useful life was assigned to asset categories based on the relevant tax rate. Under IFRS useful life has been determined by external valuation expert based on how the assets are used for business.		
iv)	Relates to accruals of severance benefit expenses. Under previous framework, there was no estimate or accrual of severance pay obligation with only actual cash payment made to employees during the year recognized as an expense. Under IFRS, the Company is required to determine the best estimate of cash outflows that will arise in respect of the benefit earned by employees at each reporting period.		



31 First-time adoption of IFRS for the Company (continued)

32d Notes to the reconciliation of equity and profit (Continued)

d) General & Administration expenses (Continued)

- v) Under previous framework, leasehold land was recognized as a finance lease. Under IFRS15, the Company recognizes the leasehold land as an operating lease. The annual lease payment is charged to administrative expenses
- vi) Under previous framework, there was no receivable impairment allowance. Under IFRS 9 the Company is required to determine expected credit loss on receivables at each reporting period.

e) Finance cost

JUNE 30 2021

ETB

Amount reported under previous framework

-

Reclassification to administrative exp

-

Remeasurement

-

i) Interest expense recognized on Right of Land

-

Amount reported under IFRS

-

- i) Under previous framework, leased land and associated lease obligation were not reported. Under IFRS, the recognition of the leased obligation resulted in additional finance charges presented as finance cost.

f) Tax Charges

JUNE 30,2021

Amount reported under previous framework

(419,330)

Remeasurement

i) Deferred tax expense from temporary differences

2,955,745

Amount reported under IFRS

2,536,415

- i) It relates to deferred tax expenses resulting from temporary taxable and deductible differences recognized under IFRS. Under the previous framework, only current tax expenses were reported as tax charges.

g) Property, plant and equipment (PPE)

Amount reported under previous framework

12,174,237

reclassification

-

fixed Asset in Transit

-

Remeasurement

i) Depreciation on property plant and equipment

(10,025,576)

i) Depreciation as per the previous framework

835,261

dercognized

i) Deemed cost remeasurement

(11,978)

Rollover adjustment

141,119,661

141,119,661

131,917,369

144,091,606

Amount reported under IFRS

JUNE 30,2021
ETB

7,842,022

-

-

-

-

-

-

141,119,661

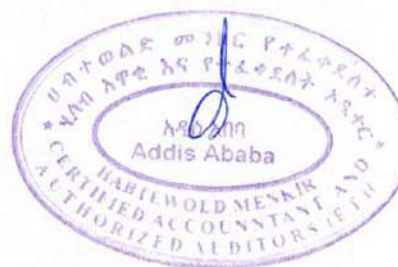
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141,119,661

141,119,661

148,961,683

- i) Under previous framework, depreciated on property, plant and equipment was computed using rates that did not depict how the assets were being used. Under IFRS, the useful life estimates and value of those assets have been revised and revalued respectively by the entity valuation expert. The value determined based on entity valuation expert are considered as deemed cost. The remeasurement is as a result of deemed costs.



GUENCTHOTEL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

31 First-time adoption of IFRS for the Company (continued)
32d Notes to the reconciliation of equity and profit (continued)

	JUNE 30, 2022 ETB	JUNE 30, 2021 ETB
h) Right of use land		
Amount reported under previous framework	-	-
<u>Remeasurement</u>	0	1304774673
i) Recognition of Right of use land		
Amortization of ROU Land	-	-
<u>Reclassification</u>	-	-
From deferred expenditure	-	-
Rollover adjustment	1,304,774,673	-
	1,304,774,673	1,304,774,673
Amount reported under IFRS	1,304,774,673	1,304,774,673

- i) Under previous framework, lease hold land was not recognized in the company's books. Under IFRS (IFRS 16), the Company recognizes the leasehold land as an right of use asset.

	JUNE 30, 2022 ETB	JUNE 30, 2021 ETB
i) Deferred Expenditure		
Amount reported under previous framework	24,074	30,092
<u>n</u>	(1,206,616)	(1,057,235)
<u>Remeasurement</u>		(352,927)
i) De-recognition of deferred expenditure		
<u>n</u>	(1,206,616)	(1,410,162)
Amount reported under IFRS	(1,182,542)	(1,380,070)

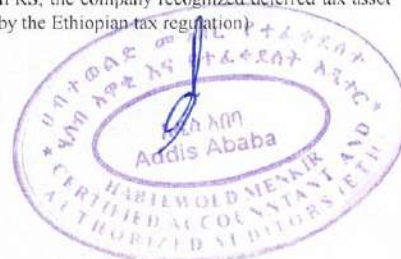
- i) Under previous framework, deferred expenditure related to expenditure made on building in exchange for its use has been recognized. Under IFRS, as the arrangement qualifies as a lease, the deferred expenditure is derecognized and a right to use building is recognized in its place.

	JUNE 30, 2022 ETB	JUNE 30, 2021 ETB
j) Right of use building		
Amount reported under previous framework	-	-
<u>reclassification</u>	-	-
Reclassification form PPE	-	-
Reclassification of Right of use Building	-	-
<u>Remeasurement</u>	-	-
i) Remeasurement of building measured as PPE	-	-
ii) Derecognition of amortization expense of deferred expenditure	-	-
Derecognition of deprecation expense of building measured at PPE	-	-
Amortization of ROU Building	-	-
Rollover adjustment	-	-
	-	-
Amount reported under IFRS	-	-

- i) Under previous framework, deferred expenditure related to expenditure made on building in exchange for its use has been recognized. Under IFRS, as the arrangement qualifies as a lease, the deferred expenditure is derecognized and a right to use building is recognized in its place.

	JUNE 30, 2022 ETB	JUNE 30, 2021 ETB
k) Deferred tax asset		
Amount reported under previous framework	-	-
<u>Remeasurement</u>	-	-
i) Recognition of deferred tax	-	-
Deferred tax asset utilized	-	-
Rollover adjustment	-	-
	-	-
Amount reported under IFRS	-	-

- i) Under the previous framework, the company was determining deferred tax asset or liabilities. Under IFRS, the company recognized deferred tax asset related to tax credits originating from loss carry forward of the previous two fiscal periods (as allowed by the Ethiopian tax regulation).



31 First-time adoption of IFRS for the Company (continued)

32d Notes to the reconciliation of equity and profit (continued)

	JUNE 30, 2022 ETB	JUNE 30, 2021 ETB
l) Trade receivables		
Amount reported under previous framework	1,103,423	1,614,792
<u>Reclassification</u>		
i) Reclassification to other receivable	(108,249)	
	(108,249)	-
<u>Remeasurement</u>		
Derecognized Receivables credit loss	-	-
iii) Allowance for expected credit loss	-	-
Rollover adjustment	-	-
	-	-
Amount reported under IFRS	995,174	1,614,792

- i) Under previous framework, both trade and other receivables were presented together as trade and other receivables. Under IFRS, trade receivables are presented separately.
- ii) Under previous framework, related party receivable was recognized as a separate line item. Under IFRS the Company reclassified these receivables to trade receivables.
- iii) Under previous framework, there was no receivable impairment allowance. Under IFRS 9 the Company is required to determine expected credit loss on receivables at each reporting period.

	JUNE 30, 2022 ETB	JUNE 30, 2021 ETB
m) Other Receivables		
Amount reported under previous framework	-	-
<u>Reclassifications</u>		
i) Other receivables (note (L))	108,249	1,151,460
	108,249	1,151,460
Amount reported under IFRS	108,249	1,151,460

- i) Under the previous framework, other assets were presented as part of trade and other receivables. Under IFRS, other assets are classified separately.

	Notes	JUNE 30, 2022 ETB	JUNE 30, 2021 ETB
n) Retained earnings			
Retained earnings per previous framework		46,155,548	46,574,878
<u>Reclassification</u>			
Reclassification to other gain		-	-
Owners account		-	-
<u>Remeasurements</u>			
PPE Deemed cost excess	g)	(8,731,739)	41,433,833
Recognition of accrual Annual Leave		(2,046,011)	(75,944)
Recognition of accrued Severance pay		(31,334)	(2,026,590)
Deemed Cost in Excess of Carrying Amount		4,722,453	2,775,922
De-recognized Deferred expenditure derecognized	i)	-	(30,092)
Recognition of Deferred tax liability		2,955,745	(43,572,788)
Rollover adjustment		(1,495,659)	-
		(4,626,545)	(1,495,659)
Retaining earnings per IFRS		41,529,003	45,079,219



31 First-time adoption of IFRS for the Company (continued)

32d Notes to the reconciliation of equity and profit (continued)

	JUNE 30,2022 ETB	JUNE 30,2021 ETB
o) Retirement benefit obligation		
Amount reported under previous framework	-	-
<u>Remeasurement</u>		
i) Recognition of severance pay obligation	31,334	2,026,590
Rollover adjustments	2,026,589	-
	2,057,924	2,026,590
Amount reported under IFRS	2,057,924	2,026,590

- 1) Under previous framework, there was no estimate or accrual of severance pay obligation. Under IFRS, the Company is required to determine the best estimate of cash outflows that will arise in respect of the benefit earned by employees at each reporting period. This accrual was determined using the projected unit credit method in line with the requirements of IAS 19

	JUNE 30,2022 ETB	JUNE 30,2021 ETB
p) Deferred tax liabilities		
Amount reported under previous framework	-	-
<u>Remeasurement</u>		
Recognition of deferred tax liability on right of use land	-	-
Recognition of deferred tax liability on right of use building	(95,730)	1,858,622
Recognition of deferred tax liability on property, plant and equipment	-	42,335,898
Recognition of deferred tax asset on deferred expenditure	(1,805)	9,028
Recognition of deferred tax asset other timing differences	(2,760,688)	-
Recognition of deferred tax asset on trade creditors	(88,122)	(22,783)
Recognition of deferred tax asset on severance pay obligation	(9,400)	(607,977)
Recognition of deferred tax asset on Lease obligation	-	-
Rollover adjustments	43,572,788	-
	40,617,042	43,572,788
Amount reported under IFRS	40,617,042	43,572,788

Under previous framework, there was no practice of determining and/or reporting deferred tax asset or liabilities. Under IFRS, in line with the prescriptions laid out in IAS 12, temporary differences, both taxable and deductible were analyzed a deferred tax liability is reported.



31 First-time adoption of IFRS for the Company (continued)

32d Notes to the reconciliation of equity and profit (continued)

	JUNE 30, 2022 ETB	JUNE 30, 2021 ETB
r) Trade payables		
Amount reported under previous framework	4,903,481	1,649,019
Re-measurement		
Reclassification		
i) Reclassification to other liabilities	(3,974,820)	(794,371)
Reclassification to control Account		-
	(3,974,820)	(794,371)
Amount reported under IFRS	928,661	854,648

i) Under the previous framework, other liabilities were presented as part of trade and other payables and related party payables were presented in the statement of financial position as a separate line item. Under IFRS, other liabilities are classified separately and related party payables are reclassified to trade payables.

i) Under the previous framework, related party payables were presented as a separate line item. Under IFRS, they are presented as part of trade payables owing to their nature.

	JUNE 30, 2022 ETB	JUNE 30, 2021 ETB
t) Other liabilities		
Amount reported under previous framework	-	
Remeasurement		
i) Recognition of accrued leave payable	293,739	75,944
i) Recognition of litigation obligation	-	-
Rollover adjustment	75,944	-
	369,684	75,944
Reclassification		
ii) Reclassification to other liabilities	747,667	794,371
	747,667	794,371
Amount reported under IFRS	1,117,351	870,315

i) Under previous framework, there was no estimate or accrual of leave pay. Under IFRS, the Company is required to determine the best estimate of cash outflows that will arise in respect of the leave earned by employees at each reporting period. In addition, under IFRS a litigation obligation is recognized as per the requirements of IAS 37.

ii) Under the previous framework, other liabilities were presented as part of trade and other payables. Under IFRS, other liabilities are classified separately.

