

# **ETHIOPIAN KNOWLEDGE AND TECHNOLOGY TRANSFER SOCIETY**

## **AUDITORS' REPORT AND ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2022**



**SOLOMON ESHETE & Co.**

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*Authorized Auditors in Ethiopia*

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**Solomon Eshete**  
 Chartered Certified Accountants-UK  
 Certified Auditors in Ethiopia

P.O.Box 31003  
 Addis Ababa  
 Ethiopia

**INDEPENDENT AUDITOR’S REPORT ON FINANCIAL INFORMATION OF  
 ETHIOPIAN KNOWLEDGE AND TECHNOLOGY TRANSFER SOCIETY**

***Unqualified Opinion***

We have audited the accompanying financial statements of Ethiopian knowledge and Technology Transfer Society (EKTTS) which comprise the Statement of Financial Position as at 30 June 2022, The Statement of Financial Performance, The Statement of Change in Fund and the statement of Cash Flow for the year period ended 30 June 2022 and the notes to the financial information including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ethiopian knowledge and Technology Transfer Society (EKTTS) as at 30 June 2022 and (of) its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the ‘Auditor’s responsibilities for the audit of the financial information’ section of our report.

We are independent of the entity in accordance with the requirement of the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statement in Accordance with **IPSAS** (International Public Sectors Accounting Standard) issued by International Accounting Standard Board (**IASB**) . This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.



***Auditor's responsibility for the audit of the financial information***

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs always detects 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 information.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:-

Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the over ride of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

**SOLOMON ESHETE, FCCA**  
Chartered certified accountants-UK  
Authorized auditors in Ethiopia



**September 15, 2022**  
**Addis Ababa, Ethiopia**

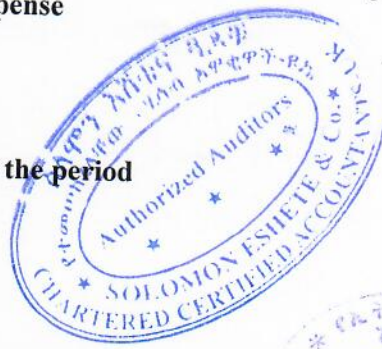


**ETHIOPIAN KNOWLEDGE AND TECHNOLOGY TRANSFER SOCIETY**

**STATEMENT OF SURPLUS AND DEFICIT**

**FOR THE YEAR ENDED 30 JUNE 2022**

	<u>Notes</u>	<u>Birr</u>	<u>Birr</u>	<u>2021</u> <u>Birr</u>
Revenue from non-exchange transactions	3		31,151,150	16,669,060
<b>Expenses</b>				
<b>Program Cost</b>				
Cost of computers and books distributed	4.1	12,323,914		13,263,498
Salary and related cost	4.2	632,812		681,833
Other costs	4.3	704,374		796,004
<b>Total Program cost</b>			<b>13,661,101</b>	<b>14,741,335</b>
Administrative Expense	5		2,212,436	1,638,115
<b>Grand Total</b>			<b>15,873,536</b>	<b>16,379,450</b>
<b>Surplus/ deficit for the period</b>			<b>15,277,614</b>	<b>289,610</b>



*[Signature]*  
Co/ Kassahun Getachew  
General Manager

*[Signature]*  
W/ro. Tewabech Megerssa  
Finance Manager



ETHIOPIAN KNOWLEDGE AND TECHNOLOGY TRANSFER SOCIETY

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

Assets	Notes	Birr	Birr	2021 Birr
<b>Current assets</b>				
Cash and cash equivalents	7	4,434,496		3,770,628
Receivables from non-exchange transactions	8	186,745		132,800
Inventories	10	15,092,699		340,178
			19,713,941	4,243,606
<b>Non-current assets</b>				
Property, plant and equipment	6	337,350		362,536
Investments	9	32,250		91,887
			369,600	454,423
<b>Total assets</b>			20,083,540	4,698,029
<b>Current liabilities</b>				
Income tax payable		24,733		25,137
Employee benefit obligation	13	130,934		50,386
Withholding tax payable		809		1,560
			156,476	77,083
<b>Non-current liabilities</b>				
Employee benefit obligation	12		201,620	142,251
<b>Total liabilities</b>			358,096	219,334
<b>Net assets</b>				
Fund balance		14,464,861		14,464,861
Accumulated surplus		5,260,583		(9,986,167)
<b>Total net assets</b>			19,725,444	4,478,694
<b>Total net assets and liabilities</b>			20,083,540	4,698,029



*[Signature]*  
Co/ Kassahun Getachew  
General Manager



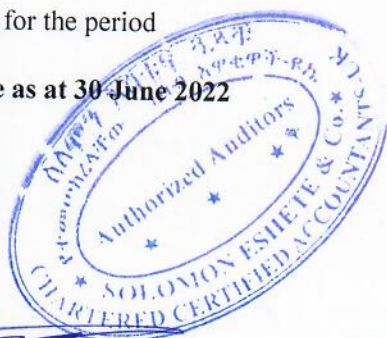
W/ro Tewabech Megerssa  
Finance Manager

**ETHIOPIAN KNOWLEDGE AND TECHNOLOGY TRANSFER SOCIETY**

**CHANGE IN NET ASSET/ EQUITY FOR THE YEAR**

**FOR THE YEAR ENDED 30 JUNE 2022**

	Contribution capital/Fund balance	Translation reserve	Accumulated surplus/ Deficit	Total Net Asset/ Equity
	<u>Birr</u>	<u>Birr</u>	<u>Birr</u>	<u>Birr</u>
Balance as at 01 July 2021	14,464,861	-	(9,986,167)	4,478,694
Opining balance difference	-		41,030	41,030
Change in net asset/ equity Balance 2022	-	-	-	-
Gain in revaluation of PPE	-	-	-	-
Exchange difference on Translation offoreign exchange	-	-	-	-
Prior year adjustment			(71,893)	(71,893)
Surplus for the period			15,277,614	15,277,614
<b>Balance as at 30 June 2022</b>	<b>14,464,861</b>	<b>-</b>	<b>5,260,583</b>	<b>19,725,444</b>



Co/ Kassahun Getachew  
**General Manager**



*(Signature)*

W/ro Tewabech Megerssa  
**Finance Manager**



# ETHIOPIAN KNOWLEDGE AND TECHNOLOGY TRANSFER SOCIETY

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2022

### Cash flow from Operating Activities

	<u>Birr</u>	<u>Birr</u>	2021
Loss/Profit before tax		15,277,614	289,610
Adjustment for:-			
Depreciation and other non cash movment	25,185		18,445
Prior period adjustment	(30,864)		-
Cash flow before working capital changes		(5,678)	18,445
Decrease/Increase in receivable and VAT	(53,945)		(80,343)
Decrease/Increase in stock	(14,752,522)		325,289
Increase/ Decrease in creditors	138,761		(7,068)
		(14,667,706)	237,878
<b>Cash flows from investing activities</b>			
Fixed assets purchase	-		(85,000)
Increase/ Decrease in investment	59,637		(30,000)
Net:-Cash flows from investing activities		59,637	(115,000)
<b>Cash Flow from Financing Activities</b>			
Loan recived/repaid	-		-
Balance due from/to donor	-		-
Net:-Cash Flow from Financing Activities		-	-
Net Increase/decrease in Cash and Cash Equivalent		663,867	430,932
Cash and Cash Equivalent at the Beginning of the year		3,770,628	3,339,696
Cash and Cash Equivalent at the end of the year		4,434,495	3,770,628
<b>Components of cash and cash equivalents</b>			
Cash at bank		4,434,496	3,770,628
		4,434,496	3,770,628



**g) Changes in accounting policies and estimates**

The Society recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**h) Employee benefits**

The Society provides retirement benefits for its employees and councilors. Defined contribution plans are post employment benefit plans under which an Society pays fixed contributions into a separate Entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**i) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the spot rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**j) Related parties**

The Society regards a related party as a person or a Society with the ability to exert control individually or jointly, or to exercise significant influence over the Society, or vice versa. Members of key management are regarded as related parties and comprise the councilors, the executive mayor, mayoral committee members, the city manager, deputy city manager and senior managers.

**k) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**l) Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

The first time adoptor do not required but encourage to present comparative information in its first IPSAS financial statement. The society elect not present comparative information as a first time adoptor its first financial statement. In subsequent period it will provide comparative information as required by IPSAS 1.

**m) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

Co/ Kassahun Getachew  
General Manager

W/ro Tewabech Megeress  
Finance Manager



**ETHIOPIAN KNOWLEDGE AND TECHNOLOGY TRANSFER SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**n) First-time adoption of IPSAS**

These financial statements, for the year ended 30 June 2022, are the first the Society has prepared in accordance with IPSAS. For periods up to and including the year ended 30 June 2018, the Society prepared its financial statements in accordance with local generally accepted accounting principle (Local GAAP).

Accordingly, the Society has prepared financial statements that comply with IPSAS applicable as at 30 June 2022, as described in the summary of significant accounting policies. In preparing the financial statements, the Societys' opening statement of financial position was prepared as at 30 June 2018, the Society' date of transition to IPSAS.

**Exemptions applied**

IPSAS 33 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IPSAS.

The Society has applied the following exemptions:

**Deemed cost — Previous GAAP revaluation**

Computer and furnitures were not accounted for in the statement of financial position in accordance with Local GAAP up to 30 JUNE 2018. Then a valuation is performed as at 30 JUNE 2018 to determine the fair value, which has now been treated as a deemed cost at the date of the translation in to IPSAS.

**3 Revenue**

The following are analysis of the Societys' revenue for the year:-

	<u>Birr</u>	<u>2021</u> <u>Birr</u>
Inkind donation - From BAI	26,378,883	11,830,326
- From BFA	605,287	889,482
- From BFA- school project	-	-
In cash donation - From facilitators	200,000	-
Members contribution	3,685,577.66 ✓	3,737,760
Other Income	281,403	211,492
	<b>31,151,150</b>	<b>16,669,061</b>

**3.1 Source of Revenue from non-exchange transaction**

Income from Bank service charge other revenue from voluntories contribution in Kind and in cash to support the society objective. the revenue was not stipulated any condition so that, it was recognised as asset and as a revenue.

**3.2 Information about major contributor:** The major donors of the Society are:-

- 4.3.1 Computer Aid International, & Book
- 4.3.2 Books For Africa
- 4.3.3 Book Aid International

**4 Program Cost**

**4.1 Distributable cost**

- Cost of computer for beneficiary
- Cost of book for beneficiary



	<u>Birr</u>	<u>2021</u> <u>Birr</u>
	-	259,902
	12,323,914	13,003,596
	<b>12,323,914</b>	<b>13,263,498</b>

Co/ Kassahun Getachew  
**General Manager**

W/ro Tewabech Megerssa  
**Finance Manager**





**ETHIOPIAN KNOWLEDGE AND TECHNOLOGY TRANSFER SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**6 PROPERTY, PLANT AND EQUIPMENT**

	Furniture, fixture and equipment	Computer and accessories	Total
	ETB	ETB	ETB
<b>Deemed cost</b>	310,317	121,455	431,772
At 1 July 2021			
Additions	-	-	-
Disposal	-	-	-
At 30 June 2022	310,317	121,455	431,772
<b>Depreciation</b>			
At 1 July 2021	47,273	21,963	69,237
Charge for the year	12,793	12,393	25,186
Adjustment	-	-	-
Disposal	-	-	-
At 30 June 2022	60,066	34,356	94,423
<b>NET BOOK VALUE</b>			
At 30 June 2022	250,251	87,099	337,350

**N.B:-** The accumulated depreciation of revalued items as at the date of translation of 8 July 2018 is zero because the Society was not capitalized in its financial position and adopted to take the revalued amounts as a deemed cost by derecognizing the historical cost and opening accumulated depreciation.

Co/ Kassahun Getachew  
**General Manager**



W/ro Tewabech Megerssa  
**Finance Manager**



**ETHIOPIAN KNOWLEDGE AND TECHNOLOGY TRANSFER SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**7 Cash and cash equivalents**

	<b>2022</b>	<b>2021</b>
	<b>ETB</b>	<b>ETB</b>
<b>Cash at banks</b> - Awash Bank S.C -A/C 01304002345400	6,252	1,689,952
- CBE A/C 1000142364728	212,527	104,462
- Awash Bank S.C -A/C 01306002345400	349,854	6,252
- Abay Bank S.C- A/C 1602315121994012	369,822	25,268
- Abay Bank S.C- A/C 1601815121994019	3,496,042	1,944,695
<b>Cash and cash equivalents</b>	<b>4,434,496</b>	<b>3,770,628</b>


8.1 Cash at banks earns interest at floating rates based on daily bank deposit rates.

**8 Receivable from non exchange transactions**


	<b>2022</b>	<b>2021</b>
	<b>ETB</b>	<b>ETB</b>
Receivables from partners	4,800	-
Receivables from Abay bank international	2,858	-
Staff loan	179,087	12,000
Receivable from container deposit	-	120,800
<b>Total receivable</b>	<b>186,745</b>	<b>132,800</b>

**Trade and other receivables**

They are non-derivatives financial assets carried at amortized cost which do not generate a fixed or variable interest income for the society. The carrying value may be affected by changes in the credit risk of the counterparties. The society has no any past due yet not impaired receivable.

  
 Co/ Kassahun Getachew  
**General Manager**



  
 W/ro Tewabech Megerssa  
**Finance Manager**



**ETHIOPIAN KNOWLEDGE AND TECHNOLOGY TRANSFER SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**9 Investment in Government bond.**

This is an investment in government bond to be held to maturity. On 10/12/2020 the Society has purchased Great Ethiopian Renaissance Dam Bonds worth ETB 30,000 which matures on 9/12/2025. The bond bears no interest and is repayable at the maturity of the bonds. Even though the investment in bond is to be accounted for at amortized cost, the resulting change in the figure using effective interest method .

**10 Inventories**

	2022	2021
Book for distribution	-	282,896
Local reference books	34,666	-
Book stock -BAI books	14,500,871	-
Laptop from BFA	39,505	39,505
World Map from BFA	-	15,802
Books for Africa -Books	517,657	1,975
<b>Total inventories at the lower of cost and net realizable value</b>	<b>15,092,699</b>	<b>340,178</b>

The cost of book and computer inventories distributed during the year 2018 was ETB 11.5 Million, Birr 25.8 Million in 2019 And Birr 11.8 Million in 2020. This is recognized in cost of sales. Administration expense included ETB 1.4 Million 2018, ETB 1.8 Million in 2019 And 1.9. Million in 2020.

**10.1**

**10.2**

In previous framework all inventory obtained from donors was recorded as cost immediately in the reporting period. On the transition of IPSAS the society ending inventory of computer and Books amount 259,902.30 and 405,564.35 respectively were obtained in physical count and IPSAS Accrual 12 required to measure at lower of cost and replacement cost and should record on the statement of financial position as current asset. If there is impairment on the transition to IPSAS it should write down to the net asset. So the society record the inventory of book amount 259,902.30 and computer amount 405,564.35 to inventory and net asset by the same amount.

The association receives books from the donors as per their stocks. We have no right to order what we need. They collecting different titles used books from individuals and donate to us for schools project and public libraries establishment. The books size and title are dissimilar because of that the donor can't assign price for individual books but they provide invoice (7000USD per container). Those books are not

**10.3** available in local market so that conducting inventory evaluation market assessment is totally impossible.

**11 Net asset/ Equity**

The Net asset/ Equity balance represents the amount available for future operation of the society.

**12 Termination benefit obligation (Severance payment)**

The Society is obliged by law to pay severance payment for eligible employees who served the society for more than 5 years when the employment is terminated .The amount payable is one month final salary for the first year of service and one third of the final salary for the remaining year of services. Accordingly the present value of post employment benefit obligation (severance) and the related current service cost were measured using the projected unit credit method.

Co/ Kassahun Getachew  
**General Manager**



**ETHIOPIAN KNOWLEDGE AND TECHNOLOGY TRANSFER SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2022**

The principal assumptions used for the purpose of the actuarial valuation were as follows

	2022	2021
Discount rate	11.5%	11.5%
expected rate of salary increase(the lower of projected salary and ceiling in salary scale)	18%	18%
The age at which each employee is assumed to terminate	54	54
Opening employee benefit obligation	142,251	138,661
Current service cost	58,967	3,590
Interest cost	-	-
Opining balance diffrence	402	-
Reversal of provision	-	-
Closing employee benefit obligation	<b>201,620</b>	<b>142,251</b>

**13 Trade and other payables**

Pension contribution payable	10,854	11,979
Accrual for staff education	17,760	-
Annual leave payable (Note 14)	102,320	38,407
	<b>130,934</b>	<b>50,386</b>

Trade payables are non-interest bearing and are normally settled throughout the financial year. The Pension payable is defined contribution plan where Employees are included in a statutory pension scheme to which the Company and these employees contribute 11% and 7% of the individual monthly salaries, respectively.

**14 Accrued leave salary**

2022	2021
ETB	ETB
<b>102,320</b>	<b>38,407</b>

**15** This represents cumulative annual leave accrued at the reporting date. Each employee is entitled to an annual leave of 14 days for the first year of employment and keeps on increasing one day per additional year of service until it reaches the maximum amount allowed per year . However , the leave can only be carried forward for one more year.

Co/ Kassahun Getachew  
**General Manager**

W/ro Tewabech Megerssa  
**Finance Manager**

