

INDEPENDENT AUDITORS' REPORT
ON THE ACCOUNTS OF
SIDDARTHA DEVELOPMENT ETHIOPIA
FOR THE YEAR ENDED 31 DECEMBER 2019



**Wudu &
Hussien**

Audit Partnership

*Chartered Certified Accountants (UK) &
Authorized Auditors (Eth.)*

**SIDDARTHA DEVELOPMENT ETHIOPIA
REPORTS AND ANNUAL FINANCIAL STATEMENTS
KEY ORGANIZATION INFORMATION AND MANAGEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Organization TIN number

0001594063

Executive management (as of 31 December 2019)

Name	Position	Appointment date
1. Firehun Gebreyohanes	Country Representative	June 01,2000
2. Kifle SebGaze	Program Manager	November 1, 2011
3. Beneber Teshome	Finance Officer	July 1, 2019

Independent auditor

Wudu & Hussien Audit Partnership

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P.O. Box 1614 code 1250

Addis Ababa

Ethiopia

Central Office

SIDDARTHA

Address: located on the road from St. Mary Church of 5 killo to Afinchober, 220 M from Armenian Association around Nazareth School.

Telephone +251-111-26 66 56

P.O. Box 25676/1000

Addis Ababa

Ethiopia



Principal bankers

Commercial Bank of Ethiopia
NIB International Bank S.C

Consulting IPSAS

ADHOC CONSULTING

Africa Avenue, OMEDAD Building, 3rd Floor.

www.adhocconsultingplc.com

Addis Ababa

Ethiopia



**SIDDARTHA DEVELOPMENT ETHIOPIA
REPORTS AND ANNUAL FINANCIAL STATEMENTS
REPORT OF THE MANAGEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Management submit their report together with the financial statements for the year ended December 31, 2019 which show the state of the organization's affairs.

Background information

Siddartha Development Ethiopia (SDE) is a foreign Civil Society Organization, non-religious, not for profit and has been in operation in Ethiopia since 2001 focusing on improving the lives of the marginalized section of the community. Since its establishment in 2001, SDE envisages to provide the best of itself for unprivileged members of the society in a passion that they can be self dependent. To realize its vision, the organization implements various projects through a fund mobilized by Siddartha Belgium from a great circle of people, professionals and Volunteers. SDE is actively working towards improving the socio-economic condition of street children; homeless people; women headed poor families or with no income; Orphaned Children Living with HIV/AIDS; Vulnerable Children, Adolescents & Youths.

SDE has attempted to reach more people and improve its services step wise. SDE in its effort to address the problem of unprivileged section of the community provides different services and achieved considerable results during the last 20 years of service to the people of Ethiopia.

Principal Activities

The principal activity of the organization are to:

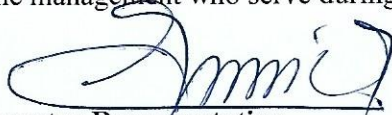
1. Support program for Women Headed Families (Edget fana Project),
2. Support program for Vulnerable Children, Adolescents and Youths (Siddartha Youth Project)
3. Support program for Children Living with HIV/AIDS (Little Heaven Project),
4. Support Program for Street Children and Homeless People, A. Homeless People (Glorieu Project) and B. Street Children (Circus Andinet Project)
5. Urban Destitute support program
6. Sick and/ or elderly people

Results

The results of the organization for the year ended December 31, 2019 are set out on page 9

Management

The management who serve during the year are set out on page 1.



Country Representative
Addis Ababa, Ethiopia
Firehun G. Yohannes
Country Representative
Siddartha Development Ethiopia
Addis Ababa—Ethiopia



**SIDDARTHA DEVELOPMENT ETHIOPIA
REPORTS AND ANNUAL FINANCIAL STATEMENTS
STATEMENT OF MANAGEMENT RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Financial Reporting Proclamation No. 847/2014 requires the organization to prepare its financial statements in accordance with the International Public Sector Accounting Standards (IPSAS).

The Financial Reporting Proclamation No. 847/2014, require the Management to prepare financial statements in respect of that organization, which give a true and fair view of the state of affairs of the organization at the end of the financial year/period and the operating results of the organization for that year/period. The Management is also required to ensure that the organization keeps proper accounting records which disclose with reasonable accuracy the financial position of the organization. The Management is also responsible for safeguarding the assets of the organization.

The Management is responsible for the preparation and presentation of the organization’s financial statements, which give a true and fair view of the state of affairs of the organization for and as at the end of the financial year (period) ended on December 31, 2019.

The Management accepts the responsibility for the organization’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS). The Management is of the opinion that the organization’s financial statements give a true and fair view of the state of organization’s transactions during the financial year ended December 31, 2019, and of the organization’s financial position as at that date. The Management further confirms the completeness of the accounting records maintained for the organization, which have been relied upon in the preparation of the organization’s financial statements as well as the adequacy of the systems of internal financial control.

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


Approval of the financial statements

The organization’s financial statements were approved by the Management on April 29 2020 and signed on its behalf by:



Country Director

**Firehun G. Yohannes
Country Representative
Siddartha Development Ethiopia
Addis Ababa—Ethiopia**



Senior Finance Director



**INDEPENDENT AUDITORS' REPORT
ON THE ACCOUNTS OF SIDDARTHA DEVELOPMENT ETHIOPIA (SDE)**

Opinion

We have audited the accompanying consolidated financial statements of Siddartha Development Ethiopia (SDE) (The organization), which comprise the statement of financial position as at 31 DECEMBER 2019, and the statement of financial performance, statement of cash flows and statements of changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

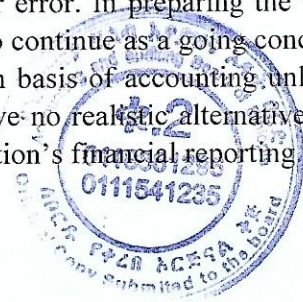
In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Organization as at 31 DECEMBER 2019, and of its income received and expenditures incurred and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards, IPSAS, as issued by International Public Sector Accounting Standards Board.

Basis for 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 statements section of our report. We are independent of the organization in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), together with other 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the management for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Public Sector Accounting Standards, and for such internal controls as Management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, Management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the organization or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the organization's financial reporting process.



Auditor's Responsibilities for the Audit of the 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

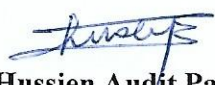
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

29 April 2020
Addis Ababa, Ethiopia

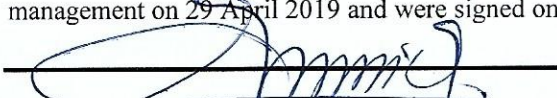



Wudu & Hussien Audit Partnership
Chartered Certified Accountants (UK.) &
Authorized Auditors (ETH.)

**SIDDARTHA DEVELOPMENT ETHIOPIA
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	31 Dec 2019 ETB	1 Jan 2019 ETB
ASSETS			
Current assets			
Cash and bank balances	6	3,953,653	2,253,540
Receivable -Partners project advance	7	150,000	-
Staff Receivable	8	-	12,000
Prepayments and Deposits	9	1,041,207	-
Inventories	10	180,595	-
Other Current Assets	11	-	542
Total Current Assets		5,325,454	- 2,266,082
Non-Current assets			
Property,Plant and Equipment(PPE)	12	11,297,086	11,312,286
Total Non-current Assets		11,297,086	- 11,312,286
TOTAL ASSETS		16,622,540	- 13,578,368
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts Payable	13	730,000	3,314
Staff payable	15	38,935	37,624
Government Payable	14	122,887	171,361
Other current liabilities	17	8,250	5,409
Total current liabilities		900,072	- 217,708
Non-current liability			
Accrued staff benefits	16	948,059	864,850
Total non-current liability		948,059	- 864,850
Total liability		1,848,130	- 1,082,558
EQUITY			
Reserves		12,432,784	2,048,374
Accumulated Surplus or Deficit		2,341,626	10,447,436
Total Equity		14,774,410	- 12,495,810
Total equity and liabilities		16,622,540	- 13,578,368

The financial statements on pages 6 to 35 were approved and authorized for issue by the Entity management on 29 April 2019 and were signed on its behalf by:



Country Representative

Firehun G. Yohannes
Country Representative
Siddhartha Development Ethiopia
Addis Ababa—Ethiopia



SIDDARTHA DEVELOPMENT ETHIOPIA
Statement of Financial Performance
For the year ended 31 December 2019

	Notes	2019 ETB
Revenue from non-exchange transactions	18	
Contributions and donations		14,608,086
Gifts and services-in-kind		-
		<u>14,608,086</u>
Revenue from exchange transactions		
Finance income		-
Other income		37,721
		<u>37,721</u>
Total revenue		14,645,806
Expenditure	19	
Program Expenditure		9,582,755
Administrative expenditure		2,284,676
		<u>11,867,431</u>
Depreciation & Amortization	12	<u>436,750</u>
Total expenses		12,304,180
Surplus for the period		<u>2,341,626</u>



SIDDARTHA DEVELOPMENT ETHIOPIA
Statement of Changes in Net Assets/Equity
For the year ended 31 December 2019

	Reserve ETB	Accumulated surplus ETB	Total ETB
Balance as at 31 December 2018-previous GAAP	2,049,218	-	2,049,218
IPSAS adjustment for property, plant and equipment	-	11,311,442	11,311,442
IPSAS adjustment for employee benefits	-	(864,850)	(864,850)
Balance at 01 January 2019 adjusted (IPSAS)	2,049,218	10,446,592	12,495,810
Prior Year adjustment	(63,026)	-	(63,026)
Surplus for the period	-	2,341,626	2,341,626
Transfers to/from accumulated surplus	10,446,592	(10,446,592)	-
Balance as at 31 December 2019	12,432,784	2,341,626	14,774,410



SIDDARTHA DEVELOPMENT ETHIOPIA

Statement of Cash flow

FOR THE YEAR ENDED 31 DECEMBER 2019

	<i>Notes</i>	<i>31-Dec-19</i>
Cash flows from operating activities		
Surplus For the year		2,341,626
<i>Adjustments to reconcile deficit for the year to net cash flows :</i>		
Depreciation and amortization	12	436,750
<i>Changes in assets</i>		
<i>(Increase)/decrease in assets</i>		
Receivable -Partners project advance	7	(150,000)
Staff Receivable	8	12,000
Prepayments and Deposits	9	(1,041,207)
Inventories	10	(180,595)
Other Current Assets	11	542
 <i>(Decrease)/Increase in accounts payable and accrued liabilities</i>		
Accounts Payable	13	726,686
Staff payable	15	1,311
Government Payable	14	(48,474)
Accrued staff benefits	16	83,209
Other current liabilities	17	2,841
 Net cash flows (used in) operating activities		 2,121,662
Cash flows from investing activities		
Purchase of Property, Plant and Equipment	12	(421,550)
Net cash flows from investing activities		(421,550)
Net cash flows from financing activities		-
Net increase in cash and cash equivalents		1,700,112
Cash and cash equivalents — beginning of year		2,253,540
Cash and cash equivalents— end of year	6	3,953,653



**SIDDARTHA DEVELOPMENT ETHIOPIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

Note 1 Reporting Entity

SIDDARTHA is an foreign, non-governmental organization dedicated to the creation of a self-reliant and empowered self-employed women community and to play a significant role in the alleviation and ultimately eradication of absolute poverty in the country. The Organization envisions a nation where absolute poverty is eradicated, and women play active part in development.

SIDDARTHA exists to work with children living with HIV/AIDS, low-income women and girls, street children and homeless people, youth group and elderly in their efforts to become economically empowered, develop resilient families and become active players and beneficiaries in the development of Ethiopia.

SIDDARTHA is a not for profit organization registered & accorded legal personality with the FDRE Agency for Civil Society Organization (CSO) under registry No. 1343 on June 25, 2019 as foreign organization in accordance with Civil Society Organizations (CSO) proclamation No. 1113/2019.

Note 2 Statement of compliance with the International Public Sector Accounting Standards

The financial statements of SIDDARTHA have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). These annual financial statements of SIDDARTHA are the first to be prepared in accordance with IPSAS and certain transitional provisions as identified in note 3.

Prior to 1 January 2019, SIDDARTHA prepared its financial statements in accordance with GAAP, which prescribed the use of a modified cash basis of accounting.

On 1 January 2019, SIDDARTHA adopted IPSAS reporting standards, and the conversion to full accrual accounting as prescribed by IPSAS has resulted in significant changes to accounting policies and in the type and measurement of assets, liabilities, revenues and expenses recognized. Accordingly, adjustments and reclassifications were made to the SIDDARTHA statement of financial position as at 31 December 2019 under GAAP to arrive at the SIDDARTHA restated 1 January 2019 IPSAS opening statement of financial position. The net effect of the changes resulting from the adoption of IPSAS adjustments in the statement of financial position amounted to an increase in total net assets/equity of ETB 10.45 million on 1 January 2019, details of which are in note 5. In addition, the adoption of IPSAS will require the preparation of annual financial statements compared with the previous GAAP financial statements.



**SIDDARTHA DEVELOPMENT ETHIOPIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

New standards and Interpretation not yet adopted

i) IPSAS 41, Financial Instruments

IPSAS 41, Financial Instruments, establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29, Financial Instruments: Recognition and Measurement. The IPSASB approved IPSAS 41, Financial Instruments, in June 2018 and issued in August 2018.

IPSAS 41 provides users of financial statements with more useful information than IPSAS 29,

- ◆ Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held:
- ◆ Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and
- ◆ Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

The standard is effective 1 January 2022. Although early adoption is permitted, the Entity did

ii) IPSAS 42, Social Benefits

- ii) IPSAS 42 'Social Benefits', seeks to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits.

An entity shall apply IPSAS 42 for annual financial statements covering periods beginning on or after January 1, 2022. Earlier adoption is encouraged.

Note 3 Basis of preparation and authorization for issue

Basis of preparation

These financial statements are prepared on an accrual basis of accounting in accordance with

SIDDARTHA applies the historical cost principle.

SIDDARTHA previously prepared its financial statements on the modified cash basis under GAAP. The House of Peoples' Representatives and Council of Ministers of Ethiopia approved financial reporting proclamation 847/2014 and regulation 332/2014 respectively. Both proclamation and regulation enforce the adoption of International Public Sector Accounting Standard (IPSAS) for Non-Profit making reporting entities when preparing and presenting their annual financial statements, to become effective 31 December 2019. The first time adoption of IPSAS effective 1 January 2019 reflected the change from a modified cash basis of accounting to an accrual basis of accounting. The accounting period is 1 January through 31 December.

The financial statement consists of:



**SIDDARTHA DEVELOPMENT ETHIOPIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

A Statement of Financial Position

This provides information about the accumulated surplus/deficit at the reporting year-end date – the difference between SIDDARTHA’s total assets and liabilities. It gives information about the extent to which resources are available to support future operations and the unfunded liabilities.

A Statement of Financial Performance

This measures the net surplus or deficit of the reporting year – the difference between revenues and expenses. It provides information about the Entity’s cost of programme delivery and the amounts and resources of revenue.

A Statement of Changes in Net Assets/Equity

Which highlights the sources of changes in the overall financial position.

A Cash Flow Statement

This provides information about SIDDARTHA’s liquidity and solvency including how the Entity raised and used cash during the period. It measures the difference between the actual cash coming in and cash going out.

Notes to the Financial Statements

Which assist in understanding the financial statements. Notes comprise of a summary of significant accounting policies and other explanatory information. It provides additional information on the financial statements as required under IPSAS.

3.1 Going concern

These financial statements were prepared on the assumption that the Organization is a going concern and will continue in operation and will meet its mandate for the foreseeable future (IPSAS 1). The Management of SIDDARTHA have not communicated any intention to terminate the Organization or to cease its operations.

Significance IPSAS applicable to SIDDARTHA are:

- IPSAS 1: Presentation of Financial Statements
- IPSAS 2: Cash Flow Statement
- IPSAS 3: Accounting Policies, Change in Accounting Estimates and
- IPSAS 4: The effect of changes in Foreign Exchange Rate
- IPSAS 9: Revenue from Exchange Transactions
- IPSAS 12: Inventories
- IPSAS 13: Leases
- IPSAS 14: Events after the reporting date
- IPSAS 16: Property, Plant and Equipment
- IPSAS 19: Provisions, Contingent Assets and Contingent Liabilities
- IPSAS 20: Related Party Disclosure
- IPSAS 21: Impairment of Non-Cash Generating Assets
- IPSAS 23: Revenue from Non-Exchange Transactions
- IPSAS 28,29 & 30: Financial Instruments
- IPSAS 31: Intangible Assets
- IPSAS 39: Employee Benefits



**SIDDARTHA DEVELOPMENT ETHIOPIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3.2 IPSAS 33: Transitional provisions and Exemptions

IPSAS standards, with effect from 01 January 2019, are applied in accordance with IPSAS transitional provisions as follows:

- For IPSAS 33.77 “Presentation of financial statements”, as permitted for first year adoption, comparative information has not been provided. First IPSAS financial statements presented in accordance with this IPSAS shall include; One statement of financial position, and an opening statement of financial position at the date of adoption (01 January 2019), One statement of financial performance, One statement of changes in net assets, One statement of cash flow, and Related notes and disclosures.

3.2 IPSAS 33: Transitional provisions and Exemptions (Continued)

- Presentation of budget information in financial statement is required annually as one element of financial statement when SIDDARTHA make its annual budget for the year 31 December 2019 publically available. However, the budget information for the period 1 Jan 2019 -31 Dec 2019 was not publically available and therefore exempted to produce budget versus actual amount as part of financial statement for the period 31 December 2019.

3.3 Authorization for issue

These financial statements are certified and approved by the Management of SIDDARTHA. This issuance approval is dated April 28, 2020. No other authority has the power to amend the Financial Statements after issuance. (Reference: IPSAS 14, paragraph 26).

3.4 Financial risk management

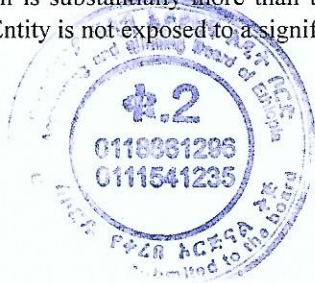
SIDDARTHA's activities exposed it to a variety of financial risks, mainly, liquidity risk, foreign exchange risk and credit risk.

i) Liquidity Risk

Liquidity risk is the risk of SIDDARTHA not being able to meet its obligations as they fall due. SIDDARTHA's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses of risking damage to SIDDARTHA reputation.

SIDDARTHA ensures that it has sufficient cash on demand to meet expected operating expenses through the maintenance of liquid cash and deposit that are available on demand.

As at the year-end, SIDDARTHA's cash and cash equivalents amount to ETB 3.95 million which is substantially more than the current liabilities equaling ETB 0.90 million. Therefore, the Entity is not exposed to a significant liquidity risk.



**SIDDARTHA DEVELOPMENT ETHIOPIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

ii) Market Risk

Foreign exchange currency risk

The Entity receives contributions in currencies other than the Ethiopian Birr and it is exposed to foreign exchange currency risk arising from fluctuations in currency exchange rates. Translation into Ethiopian Birr of transactions expressed in other currencies is done at the prevailing rates of Exchange at the date of transaction.

Price Risk

The Entity does not hold any financial instruments subject to price risk.

Cash flow, fair value and interest rate risk

The Entity does not hold any bank loans and loans from related parties subject to cash flow, fair value and interest rate risk.

iii) Credit risk

The Entity has large amount of receivable that are due to be provided by contributors and donors. Credit risk is the risk of financial loss to SIDDARTHA if donors fail to meet their promises. The Entity has a very good record of collecting all amounts due. Therefore the risks related to credit are considered minor.

Credit risk arises from cash and short term deposits with banks. The Entity does not have any significant concentrations of credit risk.

The amount that best represents the Entity's maximum exposure to credit risk at 31 December 2019 is made up as follows:

	<i>31-Dec-19</i>	<i>1-Jan-19</i>
SIDDARTHA Ethiopia	ETB	ETB
Cash and bank balance	3,953,653	2,253,540
Balance	3,953,653	2,253,540

No collateral is held for any of the above assets.

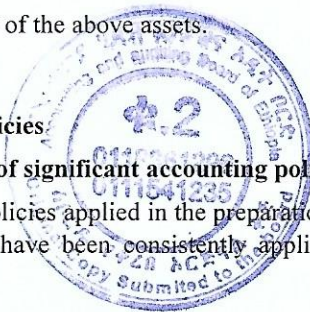
Note 4 Significant accounting policies

4.1 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.

4.2 Cash and cash equivalent

Cash comprise cash on hand and cash at bank, deposits on call and highly liquid investments with an original maturity of 3 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 various commercial banks of Ethiopia at the end of the financial year.



**SIDDARTHA DEVELOPMENT ETHIOPIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4.3 Inventories

Inventories held for distribution at no charge or for a nominal charge are stated at the lower of cost or current replacement cost. Inventories held for sale are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Cost is determined using the FIFO valuation method. The cost of inventories includes costs incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. For inventories acquired through a non-exchange transaction (e.g., donated goods), cost shall be measured at its fair value at the date of acquisition.

4.4 Property, plant and equipment

Recognition and measurement

All property, plant and equipment is stated at historical cost except building stated at the amount for which an asset could be replaced (as determined by an insurance company) as deemed cost, less accumulated depreciation and accumulated impairment losses. This includes costs that are directly attributable to the acquisition of the asset and the initial estimate of dismantling and site restoration costs. Where an asset is acquired for nil or nominal consideration, the fair value at the date of acquisition is deemed to be its cost. The threshold for recognition of property, plant and equipment as an asset is ETB 10,000 per unit.

Transition to IPSAS

On transition to IPSAS, SIDDARTHA has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 01 December 2019 measured as its historical cost and use that cost as the deemed cost of the property, plant and equipment.

Subsequent costs

SIDDARTHA elected to apply the cost model to measurement after recognition instead of the revaluation model. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to SIDDARTHA and the cost of the item can be measured reliably. Repairs and maintenance are charged to surplus or deficit in the statement of financial performance in the year in which they are incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation of property, plant and equipment is calculated using the straight-line basis over the estimated useful lives, except for land, which is not subject to depreciation. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that SIDDARTHA will obtain ownership by the end of the leased term.



**SIDDARTHA DEVELOPMENT ETHIOPIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

The estimated useful lives are as follows:

<i>Class</i>	<i>Estimated useful life (in years)</i>
Building	50
Motor Vehicles	20
Office Equipments	5
Office furniture & fixture	5
Machineries	10
Leasehold improvements	Shorter of lease term or life of applicable asset

The Entity commences depreciation when the asset is available for use. And ceases depreciation of an asset when the asset is derecognized.

Given the expected pattern of usage of property, plant and equipment, there are no residual values following full depreciation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

4.5 Intangible assets

Intangible assets are carried at cost, less accumulated amortization and accumulated impairment loss.

Acquired intangible assets are capitalized based on costs incurred to acquire and bring to use the specific assets. The threshold for recognition of intangible asset is ETB 50,000.00 per unit

Amortization

Amortization is recognized in surplus or deficit in the statement of financial performance provided on a straight-line basis on all intangible assets as per the life of the license/agreement from the service provider.

Given the expected pattern of usage of intangible assets, there are no residual values following

4.6 Foreign currency translation

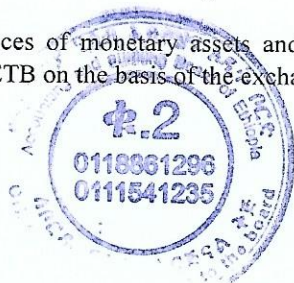
a) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Entity operates ('the functional currency'). The functional currency and presentation currency of the SIDDARTHA 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 Entity's functional currency are recognized in statement of financial performance. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

Year end balances of monetary assets and liabilities denominated in foreign currencies are converted into ETB on the basis of the exchange rate applying as at the year end.



**SIDDARTHA DEVELOPMENT ETHIOPIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4.7 Employee benefits

Short-term employee benefits

Short-term employee benefits are those that are expected to be settled within 12 months after the end of the year in which employees render the related service. Those benefits include assignment benefits, regular monthly benefits (e.g. wages and salaries), compensated absences (e.g. paid leave, such as annual leave), other short-term and non-monetary benefits, and the current portion of long-term benefits provided to current employees. An expense is recognized when a staff member provides services in exchange for employee benefits. A liability is reported for any entitlement that has not been settled at the reporting date and represents the amount paid or expected to be paid to settle the liability. Owing to the short-term nature of those entitlements, the liabilities are not discounted for the time value of money and are presented as current liabilities.

Defined contribution plan/pension & provident fund contribution

SIDDARTHA has two defined contribution plans;

- i) 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;
- ii) As regards those fall under the Provident fund scheme, the SIDDARTHA contribution of up to a maximum of twelve (12%) percent and the employee contributes ten (10%) of his/her salary. For pension contributed staff 1% of provident fund is contributed by the organization.

Employer's contributions to this scheme are charged to statement of financial performance in the period in which it relates.

The contributions are treated as payments to a defined contribution plan. A defined contribution plan is a pension plan under which fixed contributions are paid into a separate pension entity fund. 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 contributions are recognized as employee benefit expense when they are due.

Other long-term employee benefits

Other long-term employee benefit obligations are benefits, or portions of benefits, that are not due to be settled within 12 months after the end of the year in which employees provide the related service. Those benefits include the non-current portions of paid annual leave and severance benefits. These are recognized as non-current liabilities and are measured based on management estimate of severance pay to those employees who have served SIDDARTHA at the reporting dates. The current salary has been used to determine the entitlement.

Paid Annual Leave

The estimated monetary liability for employees' accrued annual leave entitlement at the statement of financial position date is recognised as an expense accrual. SIDDARTHA recognises and accrues leave based on the number of outstanding leave days as at the financial year end. The payment is based on an employees gross salary prorated to the average number of working days in the last financial year-end month.



**SIDDARTHA DEVELOPMENT ETHIOPIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

Employees are entitled for leave based on year of service as follows:

<i>Duration of work</i>	<i>Annual leave entitlement</i>
1 st Year	14
2 nd Year	15
3 rd Year	16
Increased by 1 day for additional year up to a maximum of 30 days.	

Severance benefits

The severance benefits are based on the statutory severance benefit as set out in Labour Proclamation No. 1156/2019 and/or as per entity Human resource policy. The entitlement to this benefit is based upon the employees' length of service.

Severance pay amounts to:

> 30 times the average daily pay of the last week of service for the first year of service. (For less than one year of service, severance pay should be calculated in proportion of the period of service),

> If the worker has served for more than a year, severance pay shall be increased by 1/3 of the previous sum (that is 10 days' wages) for every additional year of service, within a limit of a total amount of 12 months' wages.

The expected costs of these benefits are accrued over the period of employment.

Termination benefits

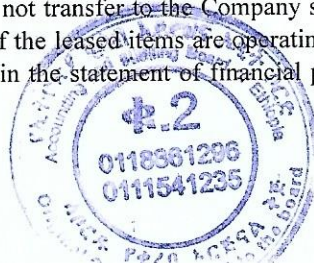
Termination benefits are recognized as an expense only when SIDDARTHA is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate the employment of a staff member before the normal retirement date, or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. Termination benefits settled within 12 months are reported at the amount expected to be paid. Where termination benefits fall due more than 12 months after the reporting date, they are discounted.

4.8 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 fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement

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 statement of financial performance on a straight-line basis over the lease term.



**SIDDARTHA DEVELOPMENT ETHIOPIA
NOTES TO THE FINANCIAL STATEMENTS
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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. 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.

Right-to-use arrangements

Where SIDDARTHA has signed an agreement for the right-to-use assets without legal title/ownership of the assets, e.g., through donated use granted to SIDDARTHA at no cost, the transaction is a non-exchange transaction. In this case, an asset and revenue is recognized at the point the agreement is entered into. Recognition of an asset is contingent upon satisfying criteria for recognition of an asset. Valuation of the asset will be the fair value of the resource for which the right to use was acquired at the date of acquisition. The asset is depreciated over the shorter of the asset's useful life and the right-to-use term. Revenue is also recognized at the same amount as the asset, except to the extent that a liability is also recognized.

4.9 Provisions and contingencies

Provisions

A provision is recognized if, as a result of a past event, SIDDARTHA has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenses expected to be required to settle the obligation. The increase in a provision due to the passage of time is recognized as a finance cost.

Contingencies

Contingent assets

A contingent asset is disclosed when an inflow of economic benefits or service potential is probable. If it has become virtually certain that an asset is no longer contingent and that its value can be measured reliably, the asset and the related revenue are recognized in the year in which the change occurs.

Contingent liabilities

A contingent liability is disclosed unless the possibility that it will be realized is remote. If it becomes probable that a contingent liability will be realized, a provision is recognized in the year in which the change of probability occurs.

4.10 Revenue recognition

Revenue from non-exchange transactions/Contributions

Voluntary contributions are non-exchange transactions which are recognized as revenue when contribution agreements become enforceable, or when cash is received in the absence of contribution agreements. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue.

In-kind contributions of goods provided are recognized as assets and revenue once it is probable that future economic benefits or service potential will flow to SIDDARTHA and the fair value of those assets can be measured reliably. SIDDARTHA disclose contributions of services in-kind if services doesn't meet the definition of an asset.

**SIDDARTHA DEVELOPMENT ETHIOPIA
NOTES TO THE FINANCIAL STATEMENTS
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Revenue from exchange transactions

Exchange transactions are those in which SIDDARTHA sells goods or provides services. Revenue comprises the fair value of consideration received or receivable for the sale of goods and services. Revenue is shown net of returns and discounts. Revenue is recognized when it can be reliably measured, when the inflow of future economic benefits is probable and when specific criteria have been met.

Contribution in-kind and in-service

Contributions in-kind and in-service received by SIDDARTHA are recorded upon receipt from the contributor at an amount equal to their fair market value as determined at the time of acquisition. Donated PPE and inventories are recognized as an asset with the corresponding entry to revenue. Other in-kind or in-service contributions are recognized as revenue with a corresponding entry to expense.

Miscellaneous Revenue (exchange transactions)

Miscellaneous revenue includes foreign currency revaluation, exchange rate gains and losses, interest earned, realized gains and losses, and gains and losses from the sale of property, plant, and equipment

4.11 Expense recognition

Under accrual accounting, expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets/equity. Expenses are recognized when the transaction or event causing the expense occurs, and the recognition of the expense is therefore not linked to when cash or its equivalent is received or paid.

4.12 Change in accounting policies and estimates

SIDDARTHA recognizes the effect of change in accounting policy and change in accounting estimates retrospectively at the date of adoption and after adoption of IPSAS, change in accounting estimates applied prospectively and change in accounting policy applied retrospectively

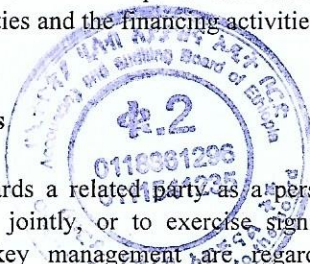
4.13 Statement of cash flow

The cash flow statement is prepared using the indirect method permitted under IPSAS 2. This means that the actual result for the financial year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing cash flows.

The cash flow statement reports cash flows during the period classified by operating and investing activities and the financing activities.

4.14 Related Parties

The entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprises country representative, program manager and finance officer.



**SIDDARTHA DEVELOPMENT ETHIOPIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

Note 5 First-time adoption of IPSAS for the Entity

These financial statements, for the year ended 31 December 2019, are the first the Entity has prepared in accordance with International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Standards Board (IPSASB).

For periods up to and including the year ended 31 December 2018, the Entity prepared its financial statements in accordance with its accounting framework. Accordingly, the Entity has prepared financial statements which comply with IPSAS applicable for periods ending on or after 31 December 2019, together with an opening statement of financial position at the date of adoption (01 January 2019), as described in the summary of significant accounting policies.

In preparing these financial statements, the Entity's opening statement of financial position was prepared as at 1 January 2019, the Entity's date of transition to IPSAS. This note explains the principal adjustments made by the Entity in restating its financial statements prepared under the previous framework, including the statement of financial position as at 1 January 2019.

In preparing its opening IPSAS statement of financial position, the Entity has adjusted amounts reported previously in financial statements prepared in accordance with its accounting framework. An explanation of how the transition from previous framework to IPSAS has affected the Entity's financial position is set out in the following table and the notes that accompany the tables.

In preparing these financial statements in accordance with IPSAS 1, the Entity has applied the mandatory exceptions from full retrospective application of IPSAS. The optional exemptions from full retrospective application selected by the Entity are summarised below.

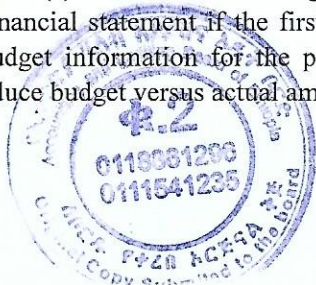
Exemptions applied

IPSAS 33 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IPSAS. Following from the principles underpinning IPSAS 33, the Entity has applied the following exemption:

Presentation of financial statements

As per IPSAS 33.77 "Presentation of financial statements", as permitted for first year adoption, comparative information has not been provided. First IPSAS financial statements presented in accordance with this IPSAS shall include; One statement of financial position, and an opening statement of financial position at the date of adoption(01 January 2019), One statement of financial performance, One statement of changes in net assets, One statement of cash flow, and Related notes and disclosures.

As per IPSAS 33.79 (e): Presentation of budget and actual amount as a separate additional financial statement or as a budget column in the financial statement if the first-time adopter (SIDDARTHA) makes its approved budget publicly available. However, the budget information for the period 1 Jan 2019 -31 Dec 2019 was not publically available and therefore exempted to produce budget versus actual amount as part of financial statement for the period 31 December 2019.

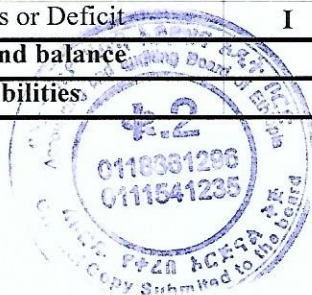


SIDDARTHA DEVELOPMENT ETHIOPIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Reconciliation of statement of financial position as at 01 January 2019

The following table shows the adjustments made from the audited statement of financial position of SIDDARTHA as at 31 December 2019 (reclassified and restated for IPSAS presentation) to the IPSAS opening statement of financial position of SIDDARTHA as at 1 January 2019:

Reconciliation of net assets as at 1 January 2019-Date of transition to IPSAS					
	Explanation	Local GAAP 31 Dec 2018	Reclassification	Effect of transition to IPSAS	IPSAS opening balance as at 1 January 2019
		ETB	ETB	ETB	ETB
Assets					
Current Assets					
Cash		2,253,540	-	-	2,253,540
Debtors		12,542	(12,542)	-	-
Staff Receivable	A		12,000	-	12,000
Other Current-Assets	B		542	-	542
Total Current Assets		2,266,082	-	-	2,266,082
Non-Current Assets					
Property,Plant and Equipment(PPE)	C	844	-	11,311,442	11,312,286
Total Non-Current Assets		844	-	11,311,442	11,312,286
Total assets		2,266,926	-	11,311,442	13,578,368
Liabilities					
Current liabilities					
Accounts Payable	D	-	3,314	-	3,314
Creditors		217,708	(217,708)	-	-
Staff payable	E	-	37,624	-	37,624
Government Payable	F	-	171,361	-	171,361
Other current liabilities	G	-	5,409	-	5,409
Total Current-Liabilities		217,708	0	-	217,708
Non-Current Liabilities					
Accrued staff benefits	H	-	-	864,850	864,850
Total Non-Current Assets		-	-	864,850	864,850
Total Liabilities		217,708	0	864,850	1,082,558
Net Assets					
Net assets /Fund balance		2,049,218	-	(844)	2,048,374
Accumulated Surplus or Deficit	I	-	-	10,447,436	10,447,436
Total Net Asset /Fund balance		2,049,218	-	10,446,592	12,495,810
Total equity and liabilities		2,266,926	0	11,311,442	13,578,368



**SIDDARTHA DEVELOPMENT ETHIOPIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

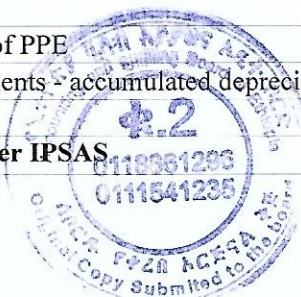
Total assets in the IPSAS opening statement of financial position as at 1 January 2019 were ETB 11.31 million higher than in the reclassified GAAP statement of financial position of SIDDARTHA as at December 2018. This increase results primarily from recognition of property, plant and equipment. Total liabilities increased by ETB 864,850.11 owing primarily to recognition of employee benefit liability(severance payable). Net assets/equity increased by ETB 10.45 million.

Notes to the reconciliation of net asset

A Staff Receivable		1 Jan 2019
		ETB
Amount reported under previous framework		-
<u>Reclassification</u>		
i)	Reclassification from Debtors to staff receivables	12,000.00
Amount reported under IPSAS		12,000.00
i) Under previous framework, employee advance was presented as debtors. Under IPSAS,the balances are reclassified and presented separately as staff receivable in the statement of financial position.		

B Other Current-Assets		1 Jan 2019
		ETB
Amount reported under previous framework		-
<u>Reclassification</u>		
i)	Reclassification from Debtors to other current assets	542.00
Amount reported under IPSAS		542.00
i) Under previous framework, Miscellaneous advance was presented as debtors. Under IPSAS,the balances are reclassified and presented separately as other current asset in the statement of financial position.		

C PROPERTY, PLANT AND EQUIPMENT	
Under GAAP, SIDDARTHA directly expenses property, plant and equipment at purchase	
At the date of transition to IPSAS, Management estimates the useful life of PPE as per IPSAS 17 (NOTE 3). The change in the carrying amount of PPE has been recognised against fund balance. The impact of the change is summerised below:	
Statement of financial position	1-Jan-19
	ETB
Previous GAAP carrying amount	844.00
<u>Remeasurement</u>	
Cost - remeasurement of PPE	13,246,310.16
Remeasurment adjustments - accumulated depreciation	(1,934,868.20)
Amount reported under IPSAS	11,312,285.96



**SIDDARTHA DEVELOPMENT ETHIOPIA
NOTES TO THE FINANCIAL STATEMENTS
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D Accounts Payable		1 Jan 2019
		ETB
	Amount reported under previous framework	-
	<u>Reclassification</u>	
i)	Reclassification from Creditors to account payable	3,314.28
	Amount reported under IPSAS	3,314.28

i) Under previous framework, account payable was presented as creditors. Under IPSAS, the balances are reclassified and presented separately as account payable in the statement of financial position.

E Staff payable		1 Jan 2019
		ETB
	Amount reported under previous framework	-
	<u>Reclassification</u>	
i)	Reclassification from Creditors to staff payable	37,624.00
	Amount reported under IPSAS	37,624.00

i) Under previous framework, staff payable was presented as creditors. Under IPSAS, the balances are reclassified and presented separately as staff payable in the statement of financial position.

F Government Payable		1 Jan 2019
		ETB
	Amount reported under previous framework	-
	<u>Reclassification</u>	
i)	Reclassification from Creditors to government payable	171,361
	Amount reported under IPSAS	171,361

i) Under previous framework, tax payables were presented as creditors. Under IPSAS, the balances are reclassified and presented separately as government payable in the statement of financial position.

G Other current liabilities		1 Jan 2019
		ETB
	Amount reported under previous framework	-
	<u>Reclassification</u>	
i)	Reclassification from Creditors to other current payable	5,409.02
	Amount reported under IPSAS	5,409.02

i) Under previous framework, miscellaneous payable was presented as creditors. Under IPSAS, the balances are reclassified and presented separately as other current payable in the statement of financial position.

**SIDDARTHA DEVELOPMENT ETHIOPIA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2019**

H EMPLOYEE BENEFITS

Under GAAP, SIDDARTHA doesn't recognised costs relating to its employees paid annual leave and severance.

Statement of financial position	1-Jan-19 ETB
Amount reported under previous framework	-
<u>Remeasurement</u>	
i) Remeasurment adjustments - employee benefits	864,850.11
Amount reported under IPSAS	864,850.11
i) Under previous framework, there was no estimate or accrual of annual leave and severance pay obligation. Under IPSAS, SIDDARTHA is required to determine the best estimate of cash outflows that will arise in respect of the benefit earned	

I Fund Balance

Fund Balance	1-Jan-19 ETB
ADJUSTMENTS AT TRANSITION DATE	
Balance - GAAP	2,049,218
Property, plant and equipment (PPE)	11,311,442
Accrued staff benefit liabilities	864,850
Total adjustments/Accumulated Surplus or Deficit	10,446,592
Balance - IPSAS	12,495,810



SIDDARTHA DEVELOPMENT ETHIOPIA

For The Period Ended 31 December 2019

Notes to the financial statements

Note 6 Cash and bank balances

Cash and bank balances are held for the purpose of meeting the short-term cash requirements of the SIDDARTHA, rather than for longer-term investment purposes. They are held on behalf of the Entity. The figures include cash and cash equivalents held in hand and at various banks in Ethiopia at the end of the financial year.

SIDDARTHA	<i>31-Dec-19</i>	<i>1-Jan-19</i>
	ETB	ETB
Cash at bank	3,953,653	2,253,420
Petty Cash	-	120
Sub Total	3,953,653	2,253,540

Detailed analysis of the cash and bank balances

Name of Bank	Account Number	CU	<i>31-Dec-19</i>	<i>1-Jan-19</i>
			ETB	ETB
NIB INT. BANK Amist Killo Branch		ETB	2,803,583	-
CBE Finifina Branch		ETB	796,869	1,648,545
CBE IBD Branch		ETB	16,754	16,784
CBE Arada		ETB	47,380	47,380
CBE Enkulal Fab		ETB	289,067	540,712
Sub Total			3,953,653	2,253,420

Note 7 Receivable -Partners project advance

The receivable balance include the outstanding amount from CA2 Project

SIDDARTHA	<i>31-Dec-19</i>	<i>1-Jan-19</i>
	ETB	ETB
Current		
Receivable -Partners project advance	<u>150,000</u>	<u>-</u>
Total Receivables-Project advance	150,000	-

As at 31 December 2019, SIDDARTHA did not have any impairment on Receivables-Partners project advance



SIDDARTHA DEVELOPMENT ETHIOPIA

For The Period Ended 31 December 2019

Notes to the financial statements

Note 8 Staff Receivable

The total balance of staff receivables amounted to ETB 12,000.00 at 1 January 2019.

SIDDARTHA	31-Dec-19 ETB	1-Jan-19 ETB
A/R-Berhanu Regasa	-	12,000.00
Total staff receivable	-	12,000.00

Note 9 Prepayments and Deposits

SIDDARTHA	31-Dec-19 ETB	1-Jan-19 ETB
Other Receivables	1,041,207	-
Total other current assets	1,041,207	-

Note 10 Inventories

SIDDARTHA	31-Dec-19 ETB	1-Jan-19 ETB
Food for Beneficiaries-Program	47,312	-
Cleaninig and Sanitation for s	39,945	-
Stationer and Prininting benef	35,867	-
Cloth & Shoes for Benefiariies	25,348	-
Traning Material for Beneficie	32,123	-
Total Inventories	180,595	-

Cost is calculated using the FIFO cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Note 11 Other Current Assets

SIDDARTHA	31-Dec-19 ETB	1-Jan-19 ETB
Other Receivables	-	542.00
Total other current assets	-	542.00



SIDDARTHA DEVELOPMENT ETHIOPIA

For The Period Ended 31 December 2019

Notes to the financial statements

Note 12 Property, plant and equipment

SIDDARTHA has four (4) broad categories of property, plant and equipment that fulfil the asset recognition

PPEs are capitalized if their cost is greater or equal to the threshold limit set at ETB 10,000.00. They are depreciated over the asset’s estimated useful life using the straight line method. The threshold level is reviewed periodically.

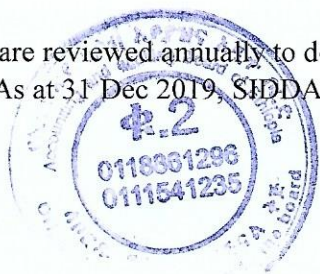
At 31 December 2019, SIDDARTHA recognizes PPE for the first time. The total value recognized in property, plant and equipment net of accumulated depreciation is ETB 11.30 million.

Property, plant and equipment Reconciliation

Cost	Building ETB	Motor Vehicles ETB	Machineries ETB	Office Equipment ETB	Total ETB
As at 1 Jan 2019	9,000,000	3,770,000	417,874	59,280	13,247,154
Additions	-	-	393,800	27,750	421,550
Transfer/Disposal	-	-	-	-	-
As at 31 Dec 2019	9,000,000	3,770,000	811,674	87,030	13,668,704
Accumulated depreciation					-
					-
As at 1 Jan 2019	748,110	1,045,541	123,102	18,115	1,934,868
Charge for the year	180,000	188,500	62,486	5,764	436,750
Transfer/Disposal	-	-	-	-	-
As at 31 Dec 2019	928,110	1,234,041	185,588	23,879	2,371,618
Net book value					
As at 1 Jan 2019	8,251,890	2,724,459	294,772	41,165	11,312,286
As at 31 Dec 2019	8,071,890	2,535,959	626,086	63,151	11,297,086

In order to ensure appropriate control and stewardship over property, plant and equipment, existing assets which are below the threshold, i.e. ETB 10,000.00, have been recorded in the asset register offline.

Assets are reviewed annually to determine if there is any indication that assets may be impaired in their value. As at 31 Dec 2019, SIDDARTHA did not have any impairment on property, plant and equipment.



SIDDARTHA DEVELOPMENT ETHIOPIA

For The Period Ended 31 December 2019

Notes to the financial statements

Note 13 Accounts Payable

	<i>31-Dec-19</i>	<i>1-Jan-19</i>
SIDDARTHA	ETB	ETB
Accounts Payable	<u>730,000</u>	<u>3,314</u>
Total Accounts Payable	730,000	3,314

Note 14 Government Payable

	<i>31-Dec-19</i>	<i>1-Jan-19</i>
SIDDARTHA	ETB	ETB
Other Income	<u>122,887</u>	<u>171,361</u>
Total Government Payable	122,887	171,361

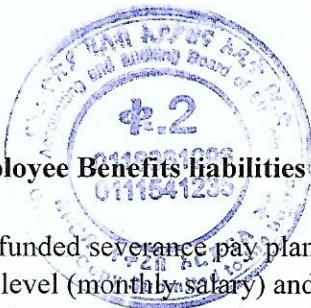
Note 15 Staff payable

	<i>31-Dec-19</i>	<i>1-Jan-19</i>
SIDDARTHA	ETB	ETB
A/P-Provident Fund 22%	<u>38,935</u>	<u>37,624</u>
Total Staff Payable	38,935	37,624

Note 16 Employee Benefits

	<i>31-Dec-19</i>	<i>1-Jan-19</i>
SIDDARTHA	ETB	ETB
Severance payable	948,059	864,850
Annual Leave payable	<u>-</u>	<u>-</u>
Total Employee Benefits liabilities	948,059	864,850

* SIDDARTHA operates an unfunded severance pay plan for its employees. The final pay-out is determined by reference to current benefit's level (monthly salary) and number of years in service and is calculated as 1 month salary for the first year in employment plus 1/3 of monthly salary for each subsequent in employment to a maximum of 12 months final monthly salary. (Ethiopian Labour Law -Article 39-40)



SIDDARTHA DEVELOPMENT ETHIOPIA

For The Period Ended 31 December 2019

Notes to the financial statements

Below are the details of movements and amounts recognised in the financial statements:

	<i>31-Dec-19</i>	<i>1-Jan-19</i>
SIDDARTHA	ETB	ETB
A liability recognized in statement of Financial Position	948,059	864,850

The liabilities arising from post-employment benefits (accrued severance) are established in accordance with the Ethiopian Labour Law -Article 39-40.

Note 17 Other current liabilities

	<i>31-Dec-19</i>	<i>1-Jan-19</i>
SIDDARTHA	ETB	ETB
Other Liabilities	<u>8,250</u>	<u>5,409</u>
Total other current liabilities	8,250	5,409



SIDDARTHA DEVELOPMENT ETHIOPIA
IPSAS Financial Statements
For The Period Ended 31 December 2019
Notes to the financial statements

Note 18 Revenue

	<i>31-Dec-19</i>
SIDDARTHA	ETB
Revenue from non-exchange transactions	
Contributions and donations	14,608,086
Gifts and services-in-kind	-
Total revenue from non-exchange transaction	14,608,086
Other/Miscellaneous income	
Other income	37,721
Total revenue from other/Miscellaneous income	37,721
Total revenue	14,645,806

Contribution and Donations

The amounts shown for the contributions and donations represent actual revenue related to the contribution from External Donation-Belgium, International Donation MoLSA and Personal Donation.

Other Income

The amounts shown for the other income represent actual revenue related to the contribution from other incomes.

Note 19 Expenses

	<i>31-Dec-19</i>
SIDDARTHA	ETB
<i>Administrative expenses</i>	
Salary for Administration	1,256,842
Overtime	39,632
Allowance	71,700
PF-12/1% from Employer	104,007
PC-11% from Employer	42,552
Medical Insurance & other benif	59,007
Rent (Lease payment)	40,268
Repair and Maintenance for veh	51,778
Repai&Maint of com,Prin %Equip	16,301
Office Equipment and Furniture	15,326
Staff Traning	21,550
Commication(Tel,Maga&Interne)	47,339
Advertizing and Network	33,816
Utility(Water and Electricity)	8,050
Balance carry forwad	1,808,168



BBF	1,808,168
Cleaning and Sanitation	2,259
Stationery and Printing	13,304
Insurance & Renewal Vehicle	20,421
Audit Fee & Legal, Membership Fe	18,713
Insurance & Renewal House	4,618
Consultant Fee	190,000
Fuel and Lubricant	23,441
Travel and Perdiem	60,670
Entertainment and Meeting	7,812
Bank Service Charge	2,146
Sundry (Overhead cost)	3,069
Uniform for Staff	15,847
SPM Validation	31,000
Severance expense	83,209
	<hr/>
	2,284,676
<i>Program expenses</i>	
Salary for Program Empl-Prog	2,593,022
Overtime	21,737
Allowance	141,005
P.F From employer-pro	130,443
P.C from emplo-pro	157,760
Severance Payment -Prog	57,325
Utility (Water & Electricity)-P	144,434
Tel (Communication) for shelters	22,889
Traning Material for Beneficie	260,483
Food for Beneficiaries-Program	1,344,774
Pocket Money	127,855
Financial Support	29,050
Individual Life Support	35,000
Psyco Social Support	71,117
Cleaninig and Sanitation for s	215,673
Constr of House for benf & Comm	19,760
Transporation Cost	155,064
Machinery, equi & Furniture	109,184
Recreation and Gratuation	109,611
RECREATION & SPORT	40,663
Stationer and Prininting benef	37,706
Kitchen Suppliers	108,845
Education Material & Fee	379,701
Shlter Rent	1,400,808
Medical Care	76,464
Repair & Main workshop equipment	443,520
Exibition Participation	600
Local Community support	66,346
	<hr/>
Balance carry forwad	8,300,837



BBF	8,300,837
Final and Leave Project Paymen	27,000
Traning for Beneficiary	37,576
Cloth & Shoes for Benefiaries	292,462
Matress Sheet and Blanket	324,774
Bed Purchase for ben.	292,800
Rent support for Benificiery	33,750
Apparentship & COC Benficiery	34,346
Beneficiary Selection Cost	3,590
Beneficiary Welcoming	4,619
Meal services for Old & Sick	28,080
P.Money For Old & Sick Mother	79,800
Seed Money for Benificaries	50,500
Pilot Program	900
Sunday	668
Training Material (Machine)	4,500
Stationery and Printhing Benef	880
Meething and Entaritainment	320
Extra Invest	17,753
Fuel and Lubricant	47,600
	9,582,755
<i>Depreciation & Amortization</i>	
Depreciation Charge for the year	436,750
Total expenditure	12,304,180

19.1 Percentage of Compuption admin and program

	Program cost	Admin Cost	Total
Total expenditer	10,019,505	2,284,676	12,304,180
Less severance accrued	-	(83,209)	(519,958)
Less depreciation	(436,750)	-	9,582,755
	9,582,755	2,201,467	11,784,222
	81%	19%	100%



SIDDARTHA DEVELOPMENT ETHIOPIA

For The Period Ended 31 December 2019

Notes to the financial statements

Note 20 Related Party and Other Senior Management Disclosure

Related party transactions represent transactions with the senior management of SIDDARTHA and entities in which they are principal owners or over which they exercise significant influence.

Transactions with related parties included in the statement of financial performance are as follows:

	Dec-19 ETB	Jan-19 ETB
Contribution from the Donors/HQ	12,781,556	12,197,623
Transfers from other Entities (List significant transactions)	1,864,250	244,840
	<u>14,645,806</u>	<u>12,442,463</u>

Key management personnel are the Country Representative, Program Manager and Finance officer as they have the authority and responsibility for planning, directing and controlling the activities of the Organization. Key management personnel are also qualified for post-employment benefits at the same level as other employees.

Key Management Personnel

	Dec-19	Jan-19
Number of Positions	3	3
Salaries and other short-term employee benefits	1,050,006	1,035,072
Other expenses (Provident fund contribution)	117,793	116,001
Total Remuneration	<u>1,167,799</u>	<u>1,151,073</u>



Note 21 Provisions

As at 31 December 2019, the Organization had not recognized any provisions.

Note 22 Events after the reporting date

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In Ethiopia, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses nationwide.

SHA has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of SHA for future periods. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.



**SIDDARTHA DEVELOPMENT ETHIOPIA
SPECIFIC OPINIONS ON COMPLIANCE
FOR THE YEAR ENDED 31 DECEMBER 2019**

Our specific opinion in relation to matters Stated in Article 16 on the previous Charity and society Directive No 8/2011 are as follows:

1. Income

In all material respects, we confirm that the Organization has:

- A) Collected all income with valid receipts;
- B) Properly identified and disclosed the sources of its income;
- C) Collected its income from abroad in accordance with the provision of the agency.

2. Expenses

In all material respects, we confirm that the Organization has:

- A) Recorded all of the expenses with original and appropriate supporting documents;
- B) Followed relevant policies and regulation during payment for goods and services;
- C) Approved expenses by appropriate official before payment;
- D) Program costs and administrative expenses are separated properly. In accordance with proclamation No. 1113/2019 Program costs represent about 81% of the total expenditures and administrative expenses 19% of the total expenditures.

3. Fixed Assets

In all material respects, we confirm that the Organization has:

- A) Maintained fixed assets register to ensure that assets are kept in good working condition at all times;
- B) We did not attend on inventory of fixed assets at the end of the financial year.

4. Cash and bank balances

In all material respects, we confirm that that Organization has:

- A) Retired working and temporary advances in a period stipulated;
- B) Reconciled cash on hand with its records at the end of every month;
- C) Received a bank statement for its bank accounts;
- D) Prepared a statement of bank reconciliation for its bank accounts; and
- E) Operated all its bank accounts with its duly authorized management.



**SIDDARTHA DEVELOPMENT ETHIOPIA
SPECIFIC OPINIONS ON COMPLIANCE
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Receivables

In all material respects, we confirm that the Organization has:

- Collected its receivables timely.

6. Liabilities

In all material respects, we confirm that the Organization has:

- Settled its tax obligations to the concerned office timely.

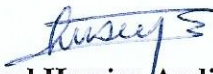
7. Fund raising

We confirm that the Organization has not performed any fund raising activities during the current audit period.

We, therefore, express our opinion that the attached financial statements of SIDDARTHA Development Ethiopia as at 31 December 2019 in all material respects complies with the previous Charity and society Directive No 8/2011, with the exception of the matter stated in, 3(b) above.



29 April 2020
Addis Ababa, Ethiopia


Wudu and Hussien Audit Partnership
Chartered Certified Accountants (UK)
and Authorized Auditors (Eth)

