NATIONAL VETERINARY INSTITUTE

INDEPENDENT AUDITOR'S REPORT AND ACCOUNTS

AS AT AND FOR THE YEAR ENDED 07 JULY, 2023

GETENET WORKU CHARTERED ACCOUNTANTS-UK AND CERTIFIED AUDIT FIRM

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF WASHINGTON HEALTH CARE PRIVATE LIMITED COMPANY

Opinion

We have audited the accompanying financial statements of National Veterinary Institute, which comprise the statement of financial position as at 07 July 2023, the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information..

In our opinion, except the effects of the matters in the Basis for Qualified opinion paragraphs, the accompanying financial statements give a true and fair view of the financial position of National Veterinary Institute as of 07 July, 2023, and of its profit or loss and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

Advance collected amounting to ETB 18,826,742.50 treated as sales, and undelivered sales recorded against cost of sales, Under IFRS 15 revenue is recognized and measured using a five step model, revenue recognized with out performance obligation is satisfied, as a result we are not satisfied that the reported sales and cost of sales are overstated in addition it is non compliance with IFRS 15.

All direct and indirect costs such as material, labor costs and Other overhead costs are not absorbed to the cost of inventory at the year end. Under current practice, vaccines Inventory are being valued at opening standard costing, under IAS 2 Inventory cost should be establish a system where all production costs including direct and indirect material, labor and other overhead costs should be absorbed as part of the cost of inventory; as a result we are not satisfied that the reported Inventory and cost of sales balance are fairly stated; in addition it is non compliance with IAS 2.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standard (IFRS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
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 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.

- Conclude on the appropriateness of the management 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company 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 the 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.

Getenet Worku Beyene
Certified Audit Firm

Addis Ababa
08 November, 2023

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NATIONAL VETERINARY INSTITUTE
STATEMENT OF FINANCIAL POSITION
AS AT 7 JULY 2023

Currency: Ethiopian Birr

Assets	Notes		2022
Non-current assets			
Property, plant and equipment	9	696,778,679	681,832,333
Intangible asset	12	991,629	927,839
Right use of asset - land	18	3,441,248	3,441,248
Non-current asset held for sale	11	43,708	43,708
		701,255,264	**686,245,129**
Current assets			
Inventories	17	223,415,531	182,730,704
Trade and other receivables	13	61,657,188.95	24,422,906
Advance and Prepayments	16	3,836,967.99	1,881,345
Cash and short-term deposits	10	179,789,095	222,371,271
		468,698,783	**431,406,226**
Total assets		**1,169,954,047**	#######
Equity and liabilities			
Equity			
Paid up capital		40,189,122	40,189,122
Donated capital	19	106,851,601	106,457,420
Capital reserve		7,543,588	7,543,588
Legal reserve	20	12,123,809	8,037,824
Retained earning		418,557,920	477,776,104
Revaluation reserve		358,874,376	358,874,376
Total equity		**944,140,416**	**998,878,434**
Non-current liabilities			
Termination benefit liabilities	21	4,978,634	4,172,736
Deferred tax liabilities	8	25,199,507	18,750,349
		30,178,141	**22,923,085**
Current liabilities			
Trade and other payables	22	169,100,951	76,440,000
Other taxes and obligations	23	2,268,140	2,325,720
Profit tax payables	8	24,266,399	17,084,117
		195,635,490	95,849,836
Total liabilities		**225,813,631**	**118,772,921**
Total equity and liabilities		**1,169,954,047**	#######

NATIONAL VETERINARY INSTITUTE
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 7 JULY 2023

Currency: Ethiopian Birr

	Notes		2022
Revenue	4	273,319,489	214,056,279
Cost of sales	5	(102,962,469)	(89,995,245)
Gross profit		**170,357,020**	**124,061,033**
Other operating income	6	15,596,506	8,369,035
Gain for currency fluctuation	6.1	823,252	3,693,004
		186,776,778	**136,123,072**
General and administration expense	7	(70,679,848)	(49,111,987)
Allowance for stock loss and doubtful debts		(494,064)	(91,595)
Audit fee		(54,390)	(47,750)
Board Fee		(394,500)	(410,000)
		(71,622,801)	**(49,661,333)**
Operating profit		**115,153,977**	**86,461,740**
Finance costs		-	-
Profit before tax		**115,153,977**	**86,461,740**
Profit tax expense	8	(26,985,117)	(19,678,932)
Profit after tax		**88,168,860**	**66,782,808**
Deferred tax asset/liability		(6,449,158)	(6,129,850)
Net profit for the year		**81,719,702**	**60,652,958**

NATIONAL VETERINARY INSTITUTE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 7 JULY 2023

Currency: Ethiopian Birr

	Share Capital	Donated capital	Retained earning	Capital Reserve	Legal reserve	Revaluation reserve	Total
July 7 2021	40,189,122	105,502,960	417,123,146	7,543,588	8,037,824	76,429,663	654,826,307
Additional Donated Capital Goods		954,460	-	-	-	-	954,460
Revaluation reserve as at July 7 2022		-	-	-	-	282,444,713	282,444,713
Profit for the year	-	-	60,652,958	-			60,652,958
July 7 2022	40,189,122	106,457,420	477,776,104	7,543,588	8,037,824	######## ########	998,878,433
Additional Donated Capital Goods		394,182	-	-	-	-	394,182
Prior period adjustment		-	112,162	-	-	-	112,162
Tax paid on assessment 2017-2021		-	(19,862,905)	-	-	-	(19,862,905)
State dividend paid in 2023	-	-	(39,467,442)	-	-	-	(39,467,442)
State dividend payable	-	-	(77,633,717)		-	-	(77,633,717)
Transfer to legal Reserve	-	-	(4,085,985)		4,085,985	-	-
Profit for the year	-	-	81,719,702		-		81,719,702
July 7 2023	40,189,122	106,851,601	418,557,920	7,543,588	12,123,809	######## ########	[illegible]

NATIONAL VETERINARY INSTITUTE
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 7 JULY 2023

Currency: Ethiopian Birr

		2022
Operating activities		
Profit before tax	115,153,977	86,461,740
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	22,946,778	20,080,341
Amortization	212,210	208,430
Change in Severance payable	805,898	197,147
Prior period adjustment	112,162	-
Tax paid on assessment	#	-
State dividend, paid in 2023	#	-
Working capital adjustments:		
Decrease in trade and other receivables	(39,189,936)	(3,692,018)
Increase in inventories	(40,684,827)	(16,432,647)
Increase in trade and other payables	14,969,654	15,323,631
	14,995,601	102,146,622
Withholding Tax paid 2021	(2,718,718)	(2,594,816)
Profit tax paid	(17,084,117)	(16,703,775)
Net cash flows from operating activities	**(4,807,234)**	**82,848,032**
Investing activities		
Increase in of time deposit	-	28,122,329
Purchase of property, plant and equipment	(37,893,124)	(42,829,070)
Purchase of Intangible assets	(276,000)	(300,000)
Increase in construction in progress	-	-
Increase in assets held for sale	-	-
Net cash flows used in investing activities	**(38,169,124)**	**(15,006,741)**
Financing activities		
Donation received	394,182	954,460
Net cash flows from/(used in) financing activities	**394,182**	**954,460**
Net increase/ (decrease) in cash and cash equivalents	(42,582,175)	68,795,748
Cash and cash equivalents, beginning of the year	222,371,270	153,575,521
Cash and cash equivalents, end of the year	**179,789,095**	**222,371,270**

Currency: Ethiopian Birr

1. Company information

The National Veterinary Institute is government owned organization established in 1964 G.C, since its establishment the institute was engaged in manufacturing & distribution of veterinary vaccines for Ethiopian pastoralists. After it was re-established as public enterprise in 1999Gc as per Council of Ministers Regulations No. 52/1999, the principal activities mandated were produce vaccines Of international standard for various animal diseases; formulate and produce different veterinary drugs; produce biological and reagents to be used for production and research on animal diseases; and to sell its products in the local and export markets. By now the institute was establishing veterinary drug manufacturing plant and expected to complete the project and start manufacturing after quarter of a year. As a center of excellence for veterinary vaccine and drug, the institute was playing a great roll in assisting animal health and earning foreign currency for countries economy from export.

National Veterinary Institute is established on July 7, 1999 GC as per the Council of Ministers Regulations No. 52/1999 with an authorized capital of Birr 40,189,122.00. The head quarter of the Institution is located in Bishoftu Town, Oromia Regional State ,Ethiopia.

The objective of the Institute is:

- To produce vaccines of international standard for various animal diseases;
- To formulate and produce different veterinary drugs;
- To produce biological and reagents to be used for production and research on animal diseases;
- To sell its products in the local and export markets;
- To engage in other related activities conducive to the attainment of its purposes.

2. Significant accounting Policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (ISAB).

The financial statements have been prepared on a historical cost basis. However, property, plant and equipment have been revalued for the purposes of obtaining a deemed cost in its opening IFRS statement of financial position dated 30 Sene 2008.

The financial statements are presented in Ethiopia Birr ('ETB') which is the Institution's functional currency.

2.2 Going concern

The institute prepares financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. The management has no doubt that the Institute would remain in existence after 12 months.

2.2.1 Accrual basis of accounting

The institute prepares its financial statements, except for cash flow information, using the accrual basis of accounting. The institute recognizes items as assets, liabilities, equity, income and expenses when they satisfy the definitions and recognition criteria for those elements in the conceptual framework of IFRS.

2.2.2 Materiality and aggregation

The institute presents separately each material class of similar items and presents separately items of a dissimilar nature or function unless they are immaterial.

2.2.3 Offseting

The institute does not offset assets and liabilities or income and expenses, unless required or permitted by an IFRS or Supervising Authority.

2.2.4 Frequency of reporting

The Institute presents a complete set of financial statements including comparative information twice a year (i.e. Semi-annual & Annual Report). Financial reports prepared for Management decision purpose will be presented Quarterly.

2.2.5 Comparative informations

The institute presents two statements of financial position, two statements of profit or loss and other comprehensive income, two statements of cash flows and two statements of changes in equity, and related notes in order to show comparative information in respect of the preceding period for all amounts reported in the current period's financial statements.

2.2.6 Consistency of presentation

The institute retains the presentation and classification of items in the financial statements from one period to the next unless:

- It is apparent, following a significant change in the nature of the institutes' operations or a review of its financial statements, that another presentation or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies in IAS 8; or
- An IFRS requires a change in presentation.

2.2.7 Other accounting policies

- Cost model is applied to recognized & measure PPE,IP and IA.
- Prepayments are initially recorded as an asset.
- Advance collections are initially recorded as a liability.
- The Functional & Reporting currency is ETB.
- Leased assets' low value is less than Birr 500,000 and shall be classified as operating lease.
- Strait line method of Depreciation for PPE.

2.3 Summary of significant accounting policies

The following are the significant accounting policies applied by the institute in preparing its financial statements:

Currency: Ethiopian Birr

2.3.1 Current versus non-current classification

The Institution presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period, or

Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non - current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the statement of the liability for at least twelve months after the reporting period.

The Institute classifies all other liabilities as non-current.

Differed tax assets and liabilities are classified as non-current assets and liabilities.

2.3.2 Fair value measurement

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or the liability under current market conditions, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

The National veterinary Institute used cost model for PPE valuation and stocks of finished goods and inputs are measured at net realizable value.

2.3.3 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the enterprise and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The institute has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

- **Sales of Vaccines** - Revenue from the sale of vaccines is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of vaccines is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates if any

- **Sales of services** -are recognized in the period in which the services are rendered, by reference to completion of the specific transaction.

- When the outcome of the transaction cannot be estimated reliably, revenue should be recognized only to the extent of the expense recognized that are recoverable.

The institute shall use and apply the following summarized five steps when recognizing revenue in accordance with the Standards core principle. The steps are:

- **Step 1:** Identify the contract(s) with a customer.
- **Step 2:** Identify the performance obligations in the contract.
- **Step 3:** Determine the transaction price.
- **Step 4:** Allocate the transaction price to the performance obligations in the contract.
- **Step 5:** Recognize revenue when (or as) the institute satisfies a performance obligation.

When a contract with a customer does not meet the above criteria and the institute receives consideration from the customer, it shall recognize the consideration as a liability. The institute shall recognize such consideration received as revenue only when either of the following events has occurred:

- The institute has no remaining obligations to transfer goods or services to The customer and all, or substantially all, of the

- consideration promised by the customer has been received by the entity and is non-refundable; or

- The contract has been terminated and the consideration received from the customer is non-refundable.

2.3.4 Foreign currencies

Transactions in foreign currencies are initially recorded by the Institution at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Institution's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is classified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

2.3.5 Grants (Donation

Grants are recognized where there is reasonable assurance that grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate are expensed. Where the grant relates to an asset, it is recognized as income in equal amount over the expected useful life of the related assets.

When the Institute receives non monitoring grants, the asset and the grant are recorded gross at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual installments.

2.3.6 Taxes

Current income tax

Current income tax asset and liabilities for the current period are measured at the account expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in the countries where the Institution operates and generate taxable income. Taxable profit differs from profit reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Institution's liability for current tax is calculated using tax rates that have been enacted by the end of the reporting period.

Current income tax relating to items recognized directly in equity if any is recognized in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and it establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary difference between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

Deferred tax assets are recognized for all deductible temporary difference: the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference. The carry forward of unused tax credits and unused tax losses can be utilized except when the deferred tax assets relating to the deductible temporary difference arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at cash reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or parts of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable the future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply in the period in which the liability is settled or the assets realized , based on tax rates and tax legislation that have been enacted of substantially enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflect the tax consequences that would follow from the manner in which the company, as at the end of the reporting period, expect to recover or settle the carrying amount of these assets and liabilities.

Differed tax relating to items recognized outside profit or loss if any is recognized outside profit of loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

2.3.7 Non-current assets held for sales and discontinued operations

The Institution classifies non-current assets and disposal as held for sale if their carrying amounts will be recovered principally through sales rather than through continuing use. Non-current assets and disposal are measured at the lower of their carrying amount and the fair value less costs to distribute. The criteria for held for sales classification is regarded met only when the sale is highly probable and the asset or disposal is available for immediate sales in its present condition. Management must be committed to the distribution expected within one year from the date of classification.

Assets and liabilities classified as held for sales are presented separately as current items in the statement of financial position.

Property, plant and equipment and intangible assets once classified as held for sales are not depreciated or amortized.

Currency: Ethiopian Birr

The Institute classifies three vehicles in2018 as held for sale that are out of use one vehicle due to total damage encountered on Aug 06/2017 and the remaining due to obsolesce and economically un feasible for maintenance. Reported under current assets at their carrying value ETB 1,728,533.00. From these the institute collects compensation from Ethiopian Insurance corporation equal to sum insured ETB 2,022,350, as a result the proceed was recorded as gain on disposal to income account. The Ending balance of the account ETB 2,000 shows book value of two vehicles yet not sold.

2.3.8 Property, plant and equipment

Property, plant, and equipment is initially recognized at cost. The cost of an item of property, plant, and equipment includes

- Its purchase price and duties paid;
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in its intended manner.
- Materials, lab our and other inputs for self-constructed assets.
- The institute has chosen to implement the cost model, therefore subsequently the carrying amount of an item of property, plant, and equipment is measured as cost less accumulated depreciation and impairment losses.
- The depreciation method applied to an asset should be reviewed at least at each financial year-end. If there has been a significant change, change should be accounted for as a change in an accounting estimate in accordance with IAS 8.
- Depreciation starts when the asset is ready for use and ends when the asset is de-recognized or classified as held for sale.
- If the cost of Subsequent repair or improvement made to a depreciable asset during the year exceeds 20% (twenty percent) of the net book value of the PPE, the whole cost of the repair or improvement shall be added to the net book value of the PPE.

Whenever there is an indication of impairment the PPE will be treated as per IAS 36. The Institutes Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Some categories of PPE (Large machines, Vehicles and Buildings) are stated at Revalued amounts used as a deemed cost at opening IFRS Financial Position date (08 July 2016), net of accumulated depreciation and/ or accumulated impairment losses, if any, when significant parts of property, plant and equipment are required to be replaced at intervals, the Institution recognizes such parts as individual assets with specific useful lives and depreciates them according. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if it's probable that future economic benefits associated with the items will flow to the Institution and the cost the item can be measured reliably.

When the cost of a major inspection is included in the carrying amount of items of PPE, the remaining carrying amount of the previous inspection is derecognized. All others repair and maintenance costs are recognized in the profit and loss as incurred.

Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner immediately management.

Currency: Ethiopian Birr

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized except for derecognized item of property, plant and equipment at opening IFRS Financial Position date which do not satisfy the capitalization criteria which is directly charged to equity.

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

Depreciation is charged on the straight-line basis at the following Rates per annum.

Type of PPE	Rate
Building	2%
Motor Vehicles	6.66%
Computer &	10%
Intangible-Software	10%
Furniture & Fixture	10%
Plant and machinery	5%
Land improvement	10%
Laboratory equipment	6.66%
Cold store	5%
All other PPEs	10%

2.3.9 Leases

Right-of-use asset - Land

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Institute will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Freehold land is carried in the statement of financial position estimated using fair value on the bases of initial Bid price for lease

2.3.10 Investment properties

Investment property is land or a building held to earn rentals, or for capital appreciation or both, rather than for use in the entity or for sale in the ordinary course of business. The Institute chooses to subsequently measure all of its investment property by the Cost model.

In cost model, investment property is measured at cost less accumulated depreciation and impairment losses. The requirements of IAS 16 are applied to the measurement of investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit or loss in the period of de recognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Institute accounts for it in accordance with the policy stated under property, plant and equipment up to the date of change.

Gains or losses arising from the retirement or disposal of an investment property shall be recognized in profit or loss.

Investment property is property, land or a building or part of a building or both, held by the Institute to earn rentals or for capital appreciation or both. The Institute has no investment property for time being, but the investment in renaissance Dam amounting 50,000 ETB and Time deposits amounting 25,000,000 ETB was measured at cost & reported as investment in statement of financial position .The renaissance Dam bond ETB 50,000 will be matured on July 7/2021.

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The Federal Democratic Republic of Ethiopia National Veterinary Institute

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Currency: Ethiopian Birr

2.3.11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in the statement of profit or loss when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category consistent with the function of the intangible assets.

Gains or losses arising from de recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized. The Institute recorded the cost of ERP (Enterprise resource planning) system which comprises of Supply chain management system; Human resource management; Finance management system; Records and archives management system; Transport fleet and maintenance management system and Production management system at cost of ETB 1,803,200 less amortization expense 162,046.03.

2.3.12 Research and development cost

Research costs are expensed as incurred. Traceable Development expenditures on an individual project are recognized as an intangible asset.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

2.3.13 Financial instruments-initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1. **Financial assets**

   Initial recognition and measurement

Financial assets of the institution are classified, as financial assets at fair value through profit or loss, loans and receivables and held-to-maturity investments based on the purpose for which the financial assets are acquired. AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Institute determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date on which the Institute commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Loans and receivables

The category is the most relevant for Institution. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment.

Cash and short term deposit

Cash and short term deposit in the statements in the statement of financial position comprise cash at banks and on hand and short term deposit with a maturity of tree months or less, which are subject to an insignificant risk of changes in value.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Institution has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either

a) The Institution has transferred substantially all the risks and rewards of the asset, or

b) The Institution has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Institution assesses, at each reporting date, whether there is any object evidence that a financial asset is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the Institution of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a NVI of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. This category generally applies to trade and other receivables.

Trade receivables amounting ETB 16,841,675was shown in statement of financial position as at 7 July 2020 the ageing analysis was made for receivables and indicate , from Receivables' recorded for the account of FAO ETB 4,981,007.07 the sale of vaccine made in 2016 and yet not received , reports show that big effort was made to collect the receivable but not promising as a result it was decided by management to record 100% provision for doubtful collectible to reduce risk of collectability.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the institution first assesses whether impairment exists individually for financial assets that are individually significant, or Collectively for financial assets that are not individually significant. If the institution determines that no objective evidence of impairment exists for an individually assessed financial assets, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

2. **Financial liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value though profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instrument in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in case of loans and borrowing and payables, net of directly attributable transaction cost.

2.3.14 Inventories

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition is accounted for, as follows:

Raw materials: Purchase cost on a weighted average basis

Finished goods and work in progress: Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity Initial cost of raw materials includes Purchase cost and any other related costs with the purchase on the process to place it in use.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

In General Institution Inventories are valued at the cost because most of raw material inventories were procured from abroad as an increase in foreign currency rate per ETB from time to time the cost of materials also increases from time to time so that cost of stock is assumed to be lower than market value.

2.3.15 Impairment of non-financial assets

The Institution assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Institution estimates the asset's recoverable amount is the higher of an asset's or Cash Generating Unit's fair value less cost of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other asset or groups of assets. Where the carrying amount of an asset or Cash Generating Unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

For assets an assessment made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exist, the Institution estimate the asset's or Cash Generating Unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumption used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the caring amount of the asset does not exceeds its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the NVI of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a NVI of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. This category generally applies to trade and other receivables.

2.3.16 Employee termination benefits

The Institution is obliged by law to pay severance payment for eligible employees who served the Institution for more than 5 years when the employments 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 serviced. Accordingly the present value of post-employment benefit obligation (severance) and the related current service cost were measured using the projected unit credit method. Even if the termination of permanent employee was rare and base of previous year's record less severance payment of the year (ETB 97, 302).

2.3.17 Legal reserve

No less than one-twentieth of the annual net profit of the Institute shall be held as the legal reserve fund until such fund riches one fifth of the capital of the Institute. It is utilized up on the decision of the supervising authority, to cover losses incurred by the Institute and to expand the activities of the Institute. The Legal reserve fund of NVI reached its maximum in 2016, and no part of profit transferred to legal reserve the past 3 years including 2019.

2.3.18 Provisions

Provisions are recognized when the Institute has a present legal or construction obligation as a result of past events: it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provision are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflect current market assessment of the time value of money and the risks specific to the obligation.

The increase in the provision due to passage of time is recognized as interest expense.

2.3.19 Leave accrual

Employees' entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave at the reporting date.

Provisions amount ETB 3,312,773 was recognize for severance pay and unused annual leave of workers as at 30 Sene 2012. The provision for severance pay was recognized depending on past trends, i.e. trends show that NVI s turnover is very low and provision for annual leave was recognized by gathering un used annual leave balance of all workers from HR department.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Institution's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumption and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

3.1 Judgements

In the process of applying the Enterprises' accounting policies, management has not encountered any situation that calls for any a significant judgements, which have significant effect on the amounts recognized in the financial statements:

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a materials adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Intuition based its assumption and estimates on parameters available when the financial statements where prepared. Existing circumstances and assumption about future development, however, may change due to market changes or circumstances arising beyond the control of the Institution. Such changes are reflected in the assumption when they occur.

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Currency: Ethiopian Birr

4 Revenue

The following are analysis of the institute's revenue for the year

		2022
Sales of vaccines and different veterinary drugs	273,319,489	214,056,279
Other income	15,596,506	8,369,035
Gain on Foreign Exchange	823,252	3,693,004
	289,739,247	226,118,318

4.1 Source of Revenue

The major source of revenue for the institute is the sales of veterinary vaccine and drugs to customers. The service and other income represent revenue earned from related activities.

4.2 Information about major customers

The followings are government institutions that have trade relation with Institution.

Type of Institute	Type of relation	Volume of sales per annum (ETB)
Ministry of Agriculture	Direct purchase	Up to 75,000,000
Oromia regional state agriculture and animal dvelopment	Direct purchase	Up to 25,000,000
Amhara regional state agriculture and animal dvelopment	Direct purchase	Up to 25,000,000
SNNP regional state agriculture and animal dvelopment	Direct purchase	Up to 25,000,000
Tigray regional state agriculture and animal dvelopment	Direct purchase	Up to 25,000,000
Somali regional state agriculture and animal dvelopment	Direct purchase	Up to 15,000,000

The followings are non-government institutions that have trade relation with Institution.

Type of Institute	Type of relation	Volume of sales per annum (ETB)
Ethio chiken Plc	Direct purchase	Up to 15,000,000
Hawasa poltry	Direct purchase	Up to 5,000,000

Currency: Ethiopian Birr

5 Cost of goods sold		2022
Beginning raw materials	44,726,411	53,928,705
Add: Purchase during the year	31,931,398	25,040,764
Inventory available for sale	76,657,809	78,969,469
Less: Ending raw materials	(42,314,948)	(44,726,411)
Raw materials consumed during the year	34,342,861	34,243,058
Add: Packing materials	13,926,297	9,735,839
Direct labor	22,108,805	20,343,489
Factory overhead (Notes5.1)	64,271,377	56,442,119
	134,649,340	120,764,505
Add: Begning work in progress	19,041,582	16,675,994
	153,690,922	137,440,499
Less: Ending work in progress	(31,838,438)	(19,041,582)
Cost of goods produced	121,852,484	118,398,917
Add: Beginning finished goods	64,235,412	35,083,173
Less: Ending finished goods	(94,457,305)	(64,235,412)
Add: Sales without production	11,331,877	748,567
	102,962,469	**89,995,245**

5.1 Factory overhead		2022
Indirect labour, medical, uniform, travelling and transport	21,650,708	18,474,575
Consumable supplies	7,951,638	5,522,362
Depreciation	17,004,073	17,288,473
Repair and maintenance	6,114,884	4,690,565
Laboratory animals	924,050	1,453,733
Detergent	858,724	545,825
Animal feed	3,397,173	3,697,649
Indicators	4,798	33,390
Fuel and lubricants	5,737,521	4,207,570
Printing and stationary	179,803	164,240
ISO 9001-2000 certification	235,402	155,878
Others	212,604	207,860
	64,271,377	**56,442,119**

Currency: Ethiopian Birr

6 Other income

		2022
Transport income	6,636,371	4,148,652
Diagnostic research	718,571	677,049
Packing materials	1,600,141	1,051,534
Training fees	226,114	-
Bid sales	86,950	35,350
Agricultural output	2,261	518
Animals	463,090	643,655
Nutrition & feeds analysis	34,900	40,600
Other income	114,983	96,896
Miscellaneous	385,683	59,393
	10,269,065	6,753,645
Interest income	5,327,440	1,615,390
	15,596,506	**8,369,035**

6.1 Gain on Foreign Exchange

		2022
Gain on Foreign Exchange	823,252	3,693,004
	823,252	**3,693,004**

Currency: Ethiopian Birr

7 General and adminstrative expenses

		2022
Salaries, wages and related benefits	26,616,286	19,872,967
Uniform	865,893	842,080
Repair and maintenance	6,018,297	2,695,800
Advertisements	1,874,983	1,180,581
Vehicle running cost	3,423,259	2,743,541
Insurance	709,366	1,042,197
Travel and per diem	1,783,005	1,168,676
Communication	470,686	508,318
Entertainment	1,003,775	1,088,797
Stationery and office supplies	581,954	466,632
Bank service charge	17,701	11,883
Professional fees	63,999	117,300
Utilities	4,782,609	435,121
Training	764,798	607,347
Depreciation	6,154,916	3,000,298
Cleaning and sanitation	689,535	418,301
Membership fees	64,000	58,786
Registration and license fees	100,222	4,445
Rent expense	16,998	2,000
Building tax	3,824,770	781,827
Penalty	123,210	2,531
Agricultural input	62,558	140,824
Loading unloading	183,820	14,448
Freight out	3,601,375	4,095,306
Miscellaneous	1,265,597	1,532,451
Social responsibility(Covid-19)	5,616,235.89	6,369,330.75
	70,679,848	49,111,987

Currency: Ethiopian Birr

8 Taxation

(a)	**Provision for Taxation**			**2022**
	e) Taxation charge			
	Profit before taxation		115,153,977	86,461,740
	Less back : Disallowed expenses			
	Interest Income		(5,327,440)	(1,615,390)
	Add back : Disallowed expenses			
	Entertainment		1,003,775	1,088,797
	Penalty		123,210	2,531
	Stocks written off		494,064	91,595
			111,447,584	86,029,271
	Add: Depreciation expense (as per client policy)		23,905,243	20,288,771
	Less: Depreciation expense (as per tax law)		(45,402,437)	(40,721,603)
	Net adjustment		(21,497,194)	(20,432,832)
	Taxable profit		89,950,391	65,596,440
	Taxation Charge at 30%		26,985,117	19,678,932
	Less: Withholding tax paid-Current		(2,718,718)	(2,594,816)
			24,266,399	**17,084,117**
(b)	**Movement of profit tax payable**			
	Balance brought forward		17,084,117	16,703,775
	Settlement during the year		(17,084,117)	(16,703,775)
	Profit tax overpaid		-	-
	Provision for profit tax-current		26,985,117	19,678,932
	Less: Withholding tax paid-Current		(2,718,718)	(2,594,816)
	Profit tax payable		**24,266,399**	**17,084,117**
(c)	**Deferred tax asset/liablity/**			
	Balance braught forward		(18,750,349)	(12,620,500)
	Depreciation-as per tax law	(45,402,437)		(40,721,603)
	Depreciation-as peraccounting policy	23,905,243		20,288,771
	Temporary differences	(21,497,194)		(20,432,832)
	Deferred tax asset/liablity(30%)		(6,449,158)	(6,129,850)
	Ending balance		(25,199,507)	(18,750,349)

Currency: Ethiopian Birr

9 Property, plant and equipment

	BalanceAt 08 July 2022	Additions	Transfer/Disposals	BalanceAt 07 July 2023
COST				
Land development	53,202,892	-	-	53,202,892
Buildings	246,645,396	-	-	246,645,396
Production machinery	246,523,430	17,250	-	246,540,680
Laboratory equipment	85,005,983	927,628	-	85,933,611
Furniture and fixtures	20,880,559	111,680	-	20,992,239
Small tools	528,953	165,000	-	693,953
Motor vehicle	58,917,119	2,334,331	-	61,251,450
Drug machinery and equipment	100,055,273	-	-	100,055,273
Biological Assets	894,400	-	-	894,400
Construction in progress	15,913,898	34,337,235	-	50,251,133
	828,567,903	**37,893,124**	-	**866,461,027**
DEPRECIATION				
Land development	2,482,031	121,937	-	2,603,969
Buildings	24,954,877	2,597,484	-	27,552,361
Production machinery	72,177,549	9,352,673	-	81,530,222
Laboratory equipment	19,567,431	3,845,476	-	23,412,907
Furniture and fixtures	5,594,630	956,867	-	6,551,497
Small Tools	295,915	22,450	-	318,364
Motor vehicles	19,135,119	2,266,418	-	21,401,537
Drug machinery and equipments	2,528,017	3,783,473	-	6,311,490
	146,735,570	**22,946,778**	-	**169,682,348**
NET BOOK VALUE	**681,832,333**			**696,778,679**

10 Cash and cash equivalents

		2022
Cash at banks	179,789,095	222,371,271
	179,789,095	**222,371,271**

Currency: Ethiopian Birr

11 Non-current asset held for sale

		2022
Non-current asset held for sale	43,708	43,708
	43,708	**43,708**

12 Intangible asset

	BalanceAt 08 July 2022	Additions	BalanceAt 07 July 2023
Cost			
CYBER ERP	2,103,200	276,000	2,379,200
Amortization			
CYBER ERP	1,175,361	212,210	1,387,571
NET BOOK VALUE	**927,839**		**991,629**

13 Trade and other receivables

		2022
Trade receivables	54,821,346	26,378,688
Staff receivables	1,966,309	3,016,868
Withholding tax receivable	2,718,718	-
Advance payments	2,237,577	179,063
Total financial assets	61,743,950	29,574,618
Less: provision for doubtful debts	(95,248)	(5,151,712)
	61,648,702	**24,422,906**

14 Impairment of financial assets

A provision of ETB 95,248 recorded for doubt full debts.

Currency: Ethiopian Birr

15 Investment in CBE & Government bond.

		2022
Investment in Ethiopian Government Sav 30/10/2009	-	3,050,000
Matured Bond collection	-	(3,000,000)
Balance 30/10/2012 that will mature 07 July 2021	-	50,000
Investment in time deposit	-	28,072,329
Matured Bond collection 07 July 2022	-	(28,122,329)
	-	-

16 Advances and prepayment

		2022
Deposit and prepayments	3,750,207	1,881,345
	3,750,207	**1,881,345**

17 Inventories

		2021
Finished goods	94,457,305	64,235,412
Work in progress	31,838,438	19,041,582
Raw material	42,314,948	44,726,411
Packing materials	22,627,930	27,683,110
Laboratory supplies and wares	10,874,284	15,073,553
Spare parts	14,224,498	13,621,566
Other stores materials	2,981,544	1,785,251
	219,318,946	**186,166,884**
Pro. For Stock Obsolescence	(5,202,596)	(5,202,596)
	214,116,350	**180,964,289**
Goods in transit	9,299,181	1,766,415
	223,415,531	**182,730,704**

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Currency: Ethiopian Birr

18 Right use of asset (Land)

		2022
Right use of asset (Land)	3,441,248	3,441,248
	3,441,248	**3,441,248**

The institute holds 240,000M 2 Land use right and it was recorded by using minimum lease value for investment.

19 Donated capital

		2022
Balance brought forward	106,457,420	105,502,960
Add: Current year additions	394,182	954,460
Balance carried forward	**106,851,601**	**106,457,420**

20 Legal reserve

The legal reserve is statuary reserve to which no less than 5% of the annual net profit of the institute is transferring until such fund will be equal to 20% of authorized capital of the institute so that it reaches maximum and no change for this year.

21 Termination Benefit obligation(severance and leave pay)

Provision amount of ETB 4,978,633.58 was recognized for severance and leave pay of workers as at 30 sene 2015 which represent the un used part of workers annual leave .

22 Trade and other payables

		2022
Trade payable	6,001,583	6,514,028
Sundry payable	148,832	1,472,724
Accruals	9,133,637	7,540,516
Project Funds	24,294,879	23,253,787
State dividend payable	77,633,717	-
Undelivered sales	51,888,303	37,658,945
	169,100,951	**76,440,000**

Currency: Ethiopian Birr

23 Other taxes and obligations

		2022
Income tax payable	1,352,276	1,651,537
Pension payable	664,542	612,292
Cost sharing	3,190	3,356
VAT payable	21,598	7,085
Withholding tax payable	226,534	51,450
	2,268,140	**2,325,720**

24 Financial instruments risk management objectives and policies

The Institution's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Institution's operations and to provide guarantees to support its operations. The Institution's principal financial assets include loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Institution also holds AFS financial assets and enters into derivative transactions.

The institute was exposed to market risk, credit risk and liquidity risk.

(a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk such as equity price risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, AFS financial assets and derivative financial instruments.

The institute has no debt with any financial institution at present that requires payment of interest. Hence, there is no identified interest rate risk.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Institution's exposure to the risk of changes in market interest rates relates primarily to the Institution's long-term debt obligations with floating interest rates.

Currency: Ethiopian Birr

(c) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Institution is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Institute establishes an allowance for impairment, when deemed necessary that represents its estimate of losses in respect of trade and other receivables and investments.

Generally the Institute has low credit risk as its major revenue source, sales of vaccines, is collected in most cases on advance basis.

(d) Liquidity Risk

Liquidity risk is the risk that the Institute will not be able to meet its financial obligations as they fall due. The Institution's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the NVI's reputation.

The capital projects of the Institution are funded by its own budget allocation as part of the process for paying up the authorized capital of the institute. Accordingly, the risk of failing to pay for projects due to liquidity issues is remote.

The working capital requirements of the institute are satisfied with the current collections coming from sales of vaccines and auxiliary services. However, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Institute has no credit facilities with any bank in or outside of Ethiopia

25 Contingent liability and commitment

There is no contingent liabilities and commitments as at 30 Sene 2015.

26 Events after reporting period

The company required to pay state dividened for the government of Ethiopia from the profit for the year ended 30 Sene 2015.

27 Going concern assumption

Management of the company has concluded on the appropriateness of the use of the going concern basis of accounting based on the assessment made on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. Management's conclusions are based on the assessment made up to the foreseeable future.

28 Comparative figures

Certain of the previous year figures have been rearranged to maintain their consistency with current year presentation.