REPORT OF THE INDEPENDENT AUDITORS ON THE ENTITY NURU INTERNATIONAL ETHIOPIA

We have audited the accompanying financial statements of Nuru international Ethiopia for the year ended December 31, 2019, which comprise: (i) a statement of financial performance; (ii) a statement of financial position; (iii) a statement of changes in net assets; (iv) a statement of cash flows; (v) a statement of comparison of budget and actual amounts and (v) a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Nuru international Ethiopia Management is responsible for the preparation and fair presentation of the financial statements in accordance with Accrual base International Public Sector Accounting Standards, charities and societies proclamation number 1113/2019 and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the 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 auditors' 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at December 31, 2019 and its financial performance as well as cash flows for the year then ended in accordance with Accrual base International public sector Accounting standards.

Section Two: Report on the other legal and regulatory Requirements

The opinion in this section is given based on the audit procedures we applied in accordance with charities and societies proclamation number 1113/2019

1) **Revenue transfer from head office:-**
   a. Income is collected by raising cash receipt vouchers and states the source and the amounts of income correctly.
   b. Income obtained from local and foreign sources are properly classified.
   c. Income is collected through legitimate means and by the person delegated for the purposes.

2) **Expenditures: -**
   a. Expenditures are accounted for when evidenced by legal and original invoices, relevant, reliable and sufficient for the purposes.
   b. Expenditures and purchases of goods and services are incurred as per the relevant regulations and authenticated by the officials of the organization.
   c. As it is reported in the attached statement of income and expenditure, the operational costs represent 72% of the total expenditures and administrative costs are 28% of the total expenditures.

3) **Property Administration**
   a. Purchases of properties are received by raising goods receiving Note (GRN) and issued by raising issue vouchers. Property, Plant and Equipments costing more than Birr 5,000 are capitalised and recorded in the financial records as Property, Plant and Equipment. They are reported net of depreciation.
   b. Fixed assets register is maintained and includes all the necessary details.
   c. Fixed assets identification number are given to each asset and cross-referenced with the register book.

4) **Cash and Bank Balances**
   a. Separate ledger accounts are maintained for cash on hand in the name of each cashier and counted at the end of the fiscal year to strengthen internal control over it and to ascertain its physical existence.
   b. Separate ledger accounts are also maintained for each bank accounts of the organization and reconciled with the respective bank statement monthly.

5) **Advance & prepayments**

   Subsidiary accounts are maintained for each advance & prepayments are collectable within one year time

6) **Trade & other payables**
   a. Proper taxes are deducted and paid over to the tax authority within time set for settlements except Birr 184,805.77 for employee payroll tax which are not paid till the March 16 2019. However, the liability is settled in the month of April 2020

7) Compliances with the project agreements

a. The budget and actual expenditure comparison report has shown that the organization expended 93 % of approved budget during the year under review.
b. In all material respect, the project agreement has been adhered to and the related project funds have been used exclusively for the purpose of the projects in accordance with the project agreement.

In our opinion the attached financial statements of the NURU INTERNATIONAL ETHIOPIA as at 31 December 2019 complies, in all material respect with charities and societies Proclamation number 1113/2019 issued by the Ethiopian Charities and Societies Agency

Adanech Feyissa / FCCA/	Date
Chartered Certified Accountants	May 6 2020
Authorized Auditors in Ethiopia	

Nuru International Ethiopia
Statement of Financial Performance
For the year ended 31 December 2019

	Notes	31 December 2019 Birr	31 December 2018 Birr
Revenue from non-exchange transaction			
Transfer from Head office	**5**	36,968,861	38,653,851
		36,968,861	**38,653,851**
Revenue from exchange transaction			
Other income		12,000	15,708
Income released from Fixed asset Reserve	**6**	482,446	390,170
		494,446	**405,878**
Total revenue		**37,463,307**	**39,059,729**
Expenses			
Program expenses	**7**	24,864,337	29,031,456
Administrative expenditure	**8**	9,783,057	9,954,232
Total expenses		**34,647,394**	**38,985,688**
Surplus for the period		**2,815,914**	**74,041**

Nuru International Ethiopia
Statement of Financial Position
As at 31 December 2019

	Notes	31 December 2019 Birr	31 December 2018 Birr	31 December 2017 Birr
ASSETS				
Property, Plant and Equipment	9	5,769,697	6,243,343	2,901,707
Non-current assets		**5,769,697**	**6,243,343**	**2,901,707**
Advances and prepayments	10	1,904,576	950,014	404,249
Cash and cash equivalents	11	1,189,975	106,564	24,858
Current assets		**3,094,551**	**1,056,577**	**429,108**
Total assets		**8,864,248**	**7,299,920**	**3,330,815**
LIABILITIES				
Non-current employee benefits obligation - Severance	13	1,662,709	1,509,673	788,270
Non current liabilities		**1,662,709**	**1,509,673**	**788,270**
Trade and other payables from exchange transaction	12	713,752	1,960,120	1,596,290
Employee benefits obligation - Leave	13	461,561	137,368	153,605
Total current liabilities		**1,175,313**	**2,097,488**	**1,749,895**
Total liabilities		**2,838,022**	**3,607,162**	**2,538,165**
Net Assets (Total assets less total liabilities)		**6,026,226**	**3,692,758**	**792,650**
NET ASSETS				
Fixed assets reserve fund	14	5,769,697	6,243,343	2,901,707
General fund	15	256,529	(2,550,585)	(2,109,057)
Total net assets		**6,026,226**	**3,692,758**	**792,650**

Nuru International Ethiopia
Statement of Cash Flow
For the year ended 31 December 2019

	30 December 2019 Birr	30 December 2018 Birr
Surplus for the year	2,815,914	74,041
Depreciation	482,446	390,170
Current period movement in PPE	(482,446)	(390,170)
Increase in receivable from non-exchange transaction	(954,562)	(545,764)
Increase in non-current employee benefits obligation - Severance	153,036	721,403
Increase in trade and other payables from exchange transaction	(1,246,368)	363,831
Increase in employee benefits obligation - Leave	324,193	-
Net Cash flow from operating activities	1,092,212	613,511
Cash flow from Investing activities		
Purchase of property, plant and equipment	(8,800)	(531,806)
Net Cash flow from investing activities	(8,800)	(531,806)
Cash flow from Financing activities		
Finance income		-
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
Net Cash flow from financing activities	-	-
Net increase/(decrease) in cash and cash equivalent	1,083,412	81,705
Cash and cash equivalent at the beginning of the year	106,564	24,858
Cash and cash equivalent at the end of the year	**1,189,976**	**106,564**

1 Reporting entity

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

2 Statement of Compliance and Basis of Preparation

The Financial Statements of Nuru International Ethiopia have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Ethiopian Birr, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

3 Key Judgements and Sources of Estimation Uncertainty

The preparation of financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The key judgements management made in preparing the financial statements are as follows:

a) Inventories are reported at the lower of cost or their replacement costs.
b) The lives of property, plant and equipment are set out in notes number 4.6 below.

Key estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both the period of revision and future periods.

4 Summary of Significant Accounting Policies

4.1 Cash and cash equivalents

Cash and cash equivalents 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.

4.2 Receivables from exchange transaction and non-exchange transactions

Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that Nuru International Ethiopia will not be able to collect all amounts due according to the original terms of the receivables.

Receivables from non-exchange transactions comprises grants confirmed by donors for which Nuru International Ethiopia has signed grant agreement. These receivables are initially assessed at nominal amount or face value; that is, the receivable reflects the amount of grant as shown in grant agreement. These receivables are subsequently tested for impairment.

4.3 Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

4.4 Financial assets

4.4.1 Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to- maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

4.4.2 Loans and receivables

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 method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

4.4.3 Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

4.4.4 Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

4.5 Intangible assets

Intangible assets are stated at historical cost less accumulated amortization and any impairment losses. Amortization is provided over the estimated useful life using the straight-line method.

4.6 Investment property – IPSAS 16

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over the life estimated by management.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

4.7 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items. Where an asset (other than land) is acquired for nil or nominal consideration the asset is initially recognised at fair value, where fair value can be reliably determined, and a credit recognised as income in the statement of financial performance.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to Nuru International Ethiopia and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognized. All repair and maintenance is charged to the statement of financial performance during the financial period in which it is incurred.

Depreciation on assets is charged on a straight-line basis at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

S.No.	Items	Useful life in years	Depreciation rate	Residual Value
1	Office Furniture	10	10%	0
2	Office Equipments (Photo copy machines, printers, scanners, Ventilators, Water distillation machine etc.	7	14.29%	0
3	Motor Vehicle	20	5%	0
4	Motor Cycle	10	10%	0
5	Computers	8	12.5%	0
6	Generator	10	10%	0
7	Building	50	2%	0

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The entity assesses annually whether there is any indication that an asset may be impaired. An asset's carrying amount is written down immediately to its recoverable amount or recoverable service amount if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

4.8 Financial liabilities

4.8.1 Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

4.8.2 Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

4.9 Other operating revenue

Other operating revenue arises from exchange transactions in the ordinary course of the entity's activities. It comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the entity's activities. It is shown net of tax, returns, rebates and discounts.

4.10 Employee benefits

4.10.1 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.10.2 Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

4.10.3 Defined benefit plans

The severance payment due to employees are considered by the entity to be defined benefit plan. The entity's obligation is calculated by multiplying the basic salary of employees by the number of years served by each employee where an employee earn one month salary for the first year of service and one third salary for each additional year of service.

Re-measurements of the obligation is done each year at the reporting date and additional obligation shall be recognised as an expense.

4.10.4 Other long-term employee benefits

The Entity’s net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value.

Re-measurements are recognised in profit or loss in the period in which they arise.

4.10.5 Termination benefits

Termination benefits are expensed when the Company incurs cost in relation to termination and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

4.11 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of financial performance on a straight-line basis over the period of the lease.

4.11.1 Nuru International Ethiopia as a lessee

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if it is not reasonably certain that the entity will obtain ownership of the asset 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.

4.11.2 Nuru International Ethiopia as a lessor

Nuru International Ethiopia has entered into property leases of certain of its properties. The entity has determined, based on an evaluation of the terms and conditions of the arrangements, (such as the lease term not constituting a substantial portion of the economic life of the commercial property) that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

4.12 Foreign currencies

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 such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance.

4.13 Revenue recognition

4.13.1 Revenue from non-exchange transactions – IPSAS 23

Grants

Revenues from non-exchange transactions are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

4.13.2 Revenue from exchange transactions – IPSAS 9

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

Interest income is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder’s or the entity’s right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

4.14 Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

4.15 Interest expense

Interest expense is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

4.16 Provisions – IPSAS 19

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset’s value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

4.17 Changes in accounting policies and estimates – IPSAS 3

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical. The effect of change in accounting estimates are recognised in the current and future period prospectively.

		31 December 2019 Birr	31 December 2018 Birr
5	**Transfer from Head office**		
	For projects	36,968,861	38,653,851
		36,968,861	**38,653,851**
6	**Income Released from PPE Reserve**	**482,446**	**390,170**
7	**Program cost**		
	Agricaltural Program	6,954,885	9,090,244
	Coperative program	7,681,850	10,525,850
	Education program	2,666,146	2,681,824
	Health program	2,969,292	3,134,053
	Monetering & Evalution	3,593,145	2,457,840
	Leadership	999,019	1,141,644
		24,864,337	**29,031,456**
8	**Administrative expenditure**		
	Staff salary and benefit	8,390,613	6,589,337
	Perdiem and other	-	650,379
	Training and Development	-	52,151
	Fixed Asset Purchase	27,621	45,856
	Office supplies stationaries and books	261,870	248,537
	Vehicele Runing cost and transport	183,563	743,225
	Insurance	273,655	
	Repair and maintanance	58,699	131,848
	Other costs and services	263,052	336,927
	Utility	88,191	
	Rental and Lease	139,305	765,803
	Depreciation expense	96,489	390,170
		9,783,057	**9,954,232**

9 Property, plant and equipment

	Computer and accessories Birr	Generator Birr	Motor Vehicle & Motor Cycle Birr	Office Furniture & Equipment	Total Birr
Cost:					
As at 1 January 2018	**349,890**	**235,500**	**3,093,200**	**179,223**	**3,857,813**
Additions	169,200	69,000	3,373,298	120,308	3,731,806
Reclassifications					
Disposals	-	-			-
As at 31 December 2018	**519,090**	**304,500**	**6,466,498**	**299,531**	**7,589,619**
As at 1 January 2019	**519,090**	**304,500**	**6,466,498**	**299,531**	**7,589,619**
Additions	-	-	-	8,800	8,800
Disposals	-	-	-		-
Reclassification	-	-	-		-
As at 31 December 2019	**519,090**	**304,500**	**6,466,498**	**308,331**	**7,598,419**
Accumulated depreciation and impairment losses					
As at 1 January 2018	**84,540**	**78,414**	**726,117**	**67,035**	**956,106**
Charge for the year	61,864	26,386	265,346	36,574	390,170
Impairment Loss					
Disposals					
As at 31 December 2018	**146,404**	**104,799**	**991,464**	**103,609**	**1,346,276**
					-
As at 1 January 2019	**146,404**	**104,799**	**991,464**	**103,609**	**1,346,276**
Charge for the year	64,886	30,450	356,650	30,460	482,446
Impairment Loss	-	-	-	-	-
Disposals	-	-	-	-	-
As at 31 December 2019	**211,291**	**135,249**	**1,348,113**	**134,069**	**1,828,722**
					-
Net book value					-
As at 1 January 2018	**265,350**	**157,086**	**2,367,083**	**112,189**	**2,901,707**
As at 31 December 2018	**372,686**	**199,701**	**5,475,034**	**195,923**	**6,243,343**
As at 31 December 2019	**307,799**	**169,251**	**5,118,385**	**174,262**	**5,769,697**

10	Advance and Prepayment	31 December 2019	31 December 2018	31 December 2017
		Birr	Birr	Birr
	Employee travel advance	18,786	50,213	-
	Work advance	320,959	221,867	80,873
	prepaid expense	90,000	120,000	73,352
	Construction advance	1,474,831	557,933	250,024
		1,904,576	**950,014**	**404,249**

11	Cash and Cash Equivalents	31 December 2019	31 December 2018	31 December 2017
		Birr	Birr	Birr
	Cash at bank-Zefine A/c no-100032	**5,891.79**	1,887	456
	Cash at bank-Arba minch -Ac,No 1000032081413	**24,776.11**	3,305	6,324
	Cash at bank Abay bank	**1,031,571.53**	76,219	8,372
	Cash at bank Kucha	**12,002.72**	6,856	-
	Petty cash	**-**	18,296	9,707
	Cash at bank Zala	115,733	-	-
		1,189,975	**106,564**	**24,858**

12	Trade and other payables from exchange transaction	31 December 2019	31 December 2018	31 December 2017
		Birr	Birr	Birr
	Retention payable	156,745	-	98,841
	Other Liabilities	18,687	141,513	-
	Provident fund payable	1,489	1,487	16,832
	Income tax payable	184,806	306,532	326,777
	Salary payable	174,067	193,445	278,991
	Withholding tax payable	-	60,269	40,022
	Pension payable	16,405	184,417	115,768
	Vendor payable	161,553	1,072,457	719,059
		713,752	**1,960,120**	**1,596,290**

13	Employment benefit plans	31 December 2019	31 December 2018	31 December 2017
		Birr	Birr	Birr
	Accrued leave	461,561	137,368	153,605
	Severance	1,662,709	1,509,673	788,270
		2,124,270	**1,647,041**	**941,875**
	Maturity analysis			
	Current employee benefits obligation	461,561	137,368	153,605
	Non-current employee benefits obligation	1,662,709	1,509,673	788,270
		2,124,270	**1,647,041**	**941,875**

		31 December 2019 Birr	31 December 2018 Birr	31 December 2017 Birr
14	**Fixed Asset Reserve Fund**			
	At the beginning of the year	6,243,343	2,901,707	-
	Capitalization of PPE	8,800	3,731,806	2,901,707
	Depreciation	(482,446)	(390,170)	-
	At the end of the year	**5,769,697**	**6,243,343**	**2,901,707**

		31 December 2019 Birr	31 December 2018 Birr	31 December 2017 Birr
15	**General Fund**			
	At the beginning of the year	(2,550,584)	(2,109,057)	(1,955,156)
	Surplus /(Deficit) for the year	2,815,914	74,041	(153,901)
	Adjustment of PPE to be capitalized last year	-	(531,806)	-
	Fixed Asset Addition	(8,800)	-	-
	Adjustment of Leave over expensed last year	-	16,237	-
	At the end of the year	**256,529**	**(2,550,585)**	**(2,109,057)**

16 Related party transactions

Nuru's first integrated development project in Ethiopia began in 2013 in Boreda Woreda, Gamo Zone, and SNNPR. Nuru currently

16a *Key management personnel compensation*

Key management personnel of the organization has been determined to be the Country Director and head of departments. The

	31 December 2019 Birr	31 December 2018 Birr	31 December 2017 Birr
Salaries and other short-term employee benefits	3,801,479	3,217,100	2,067,408
Post-employment benefits	265,409	224,523	74,092
	4,066,888	**3,441,623**	**2,141,500**

16b *Transactions with related parties*

There were no sales or purchase of goods and services between the Organization and key management personnel as at 31 December 2019.

17 Contingent liabilities - Legal cases

The Organization has no legal cases at the reporting date.

18 Events after reporting period

In the opinion of the Management, there were no significant post balance sheet events which could have a material effect on the

19 Comparative Information

Certain comparative numbers were reclassified to conform to the current year presentation. Such reclassifications have no effect on

20 **First-time adoption of IPSAS for the Organization**

These financial statements, for the year ended 31 December 2019, are the first the Organization has prepared in accordance with

Property, Plant and Equipment
The entity used to show the cost of property, plant and equipment as expense in its financial statement. However, the Organization

Employee benefits
The entity has made a provision for unused leave days of employees as at the reporting dates. In addition, it has also made a

21 **Reconciliation of Statement of financial performance for the year ended 31 December 2018**

	GAAP as at 31 December 2018	Reclassification	Comparative	IPSAS as at 31 December 2018
	Birr	Birr	Birr	Birr
Revenue from non-exchange transaction				
Transfer from Head office	38,653,851			38,653,851
Other	-			-
	38,653,851			**38,653,851**
Revenue from exchange transaction				
Interest income				
Others (sales of scraps etc.)	15,708			15,708
Income released from FA reserve	-		390,170	390,170
	15,708	**-**	**390,170**	**405,878**
Total revenue	**38,669,559**	**-**	**390,170**	**39,059,729**
Program expenses				
Agricaltural Program	9,090,244			9,090,244
Coperative program	10,525,850			10,525,850
Education program	2,681,824			2,681,824
Health program	3,134,053			3,134,053
Leadership	1,141,644			1,141,644
	26,573,616	**-**	**-**	**26,573,616**
Administrative expenses				
Staff salary and benefit	7,769,309		39,637	7,808,946
Perdiem and other	1,317,972			1,317,972
Training and Development	229,637			229,637
Fixed Asset Purchase	609,472		(531,806)	77,666
Office supplies stationaries and books	295,509			295,509
Vehicele Runing cost and transport	743,225			743,225
Repair and maintanance	141,695			141,695
Other costs and services	352,210			352,210
Rental and Lease	1,055,041			1,055,041
Depreciation expense	-		390,170	390,170
	12,514,071	-	(102,000)	12,412,072
Total expense	**39,087,687**	**-**	**(102,000)**	**38,985,687**
Net surplus/(deficit) for the period	**(418,128)**	**-**	**492,170**	**74,042**

22 Reconciliation of equity as at 31, Dec 2018

	GAAP	Transitional	Comparative	IPSAS as at 31 Dec. 2018
ASSETS	Birr	Birr	Birr	Birr
Receivable from exchange transaction	-			
Property, Plant and Equipment	-	2,901,411	3,341,932	6,243,343
Non-current assets	**-**	**2,901,411**	**3,341,932**	**6,243,343**
Inventory	-			
Receivable from exchange transaction - Loan				
Receivable from non-exchange transaction				
Prepaid employment benefit asset				
Prepayments	950,014			950,014
Cash and cash equivalents	106,564			106,564
Current assets	**1,056,577**			**1,056,577**
Total assets	**1,056,577**			**7,299,920**
Liabilities				
Borrowings	-	-	-	-
Non-current employee benefits obligation - Severance	1,470,037		39,637	1,509,673
Non-current liabilities	1,470,037	-	39,637	1,509,673
Trade and other payables from exchange transaction	1,960,120			1,960,120
Current portion of borrowings				
Employee benefits obligation - Leave		153,605	(16,237)	137,368
Current liabilities	**1,960,120**	**153,605**	**(16,237)**	**2,097,488**
Total liabilities	**3,430,156**	**153,605**	**23,400**	**3,607,161**
Net Assets (Total assets less total liabilities)	**(2,373,579)**	**(153,605)**	**(23,400)**	**3,692,759**
NET ASSETS				
Fixed Asset Reserve Fund	-	2,901,411	3,341,932	6,243,343
Fund balance	(2,373,579)	(153,605)	(23,400)	(2,550,584)
Total net assets	**(2,373,579)**	**2,747,806**	**3,318,532**	**3,692,759**

23 Reconciliation of equity as at 31 Dec- 2017

	GAAP	Reclassification	Remeasurement	IPSAS as at 31 Dec. 2017
ASSETS	**Birr**	**Birr**	**Birr**	**Birr**
Receivable from exchange transaction - Loan		-	-	**-**
Intangible assets				**-**
Property, Plant and Equipment	296		**2,901,411**	**2,901,707**
Investment Property				
Non-current assets	**296**			
Inventory				
Financial assets				
Receivable from exchange transaction - Loan				
Prepaid employment benefit asset				
Other debtors	330,898			330,898
Prepayments	73,352			73,352
Cash and cash equivalents	24,858			24,858
Current assets	**429,108**			**429,108**
Total assets	**429,404**			**3,330,815**
LIABILITIES				
Borrowings				
Non-current employee benefits obligation - Severance	788,270			788,270
Non-current finance lease obligation				
Non-current provisions				
Non-current liabilities	**788,270**			**788,270**
Trade and other payables from exchange transaction	1,596,290			1,596,290
Current portion of borrowings	-			-
Employee benefits obligation - Leave	-		153,605	153,605
Current liabilities	**1,596,290**	**-**	**153,605**	**1,749,895**
Total liabilities	**2,384,560**	**-**	**153,605**	**2,538,165**
Net Assets (Total assets less total liabilities)	**(1,955,156)**	**-**	**(153,605)**	**792,650**
NET ASSETS				
Fixed Asset Reserve Fund	-		2,901,707	2,901,707
Fund balance	(1,955,156)		(153,901)	(2,109,057)
Total net assets	**(1,955,156)**		**2,747,806**	**792,650**