Original

NURU INTERNATIONAL ETHIOPIA

AUDITOR'S REPORT

(International public sector Accounting standards)

FOR THE YEAR ENDED 31,DECEMBER 2020

ADANECH FEYISSA (FCCA)

Chartered Certified Accountants (London)

Authorized Auditors in Ethiopia)

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Adanech Feyissa
Chartered Certified Accountants / London/
Authorized Auditors

ቀን April 1, 2020
Date
ቁጥር አፈ/79/13
Ref.No

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, 2020, 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 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, 2020 and its financial performance as well as cash flows for the year then ended in accordance with International public sector Accounting standards

Adanech Feyissa

Adanech Feyissa

Chartered Certified Accountants

Authorized Auditors in Ethiopia

April 1, 2021

Adanech Feyissa Chartered Certified Accountants /London/ & Authorized Auditors

Addis Ababa

Nuru International Ethiopia

Notes to the financial statements

For the year ended 31 December 2020

1 Reporting entity

These financial statements, for the year ended 31 December 2020, 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 Judgments and Sources of Estimation Uncertainty

The preparation of financial statements requires judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. □The key judgments 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 recognized 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 recognized at fair value, where fair value can be reliably determined, and a credit recognized 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 recognized 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 recognized 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 recognized 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 recognizes 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

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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 recognized 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 labor hours incurred to date as a percentage of total estimated labor 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.

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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 recognized in the current and future period prospectively.

Nuru International Ethiopia
Statement of Financial Performance
For the year ended 31 December 2020

	Notes	31 December 2020 Birr	31 December 2019 Birr
Revenue from non-exchange transaction			
Transfer from Head office	5	30,950,086	36,968,861
		30,950,086	**36,968,861**
Revenue from exchange transaction			
Other income			12,000
Income released from Fixed asset Reserve	6	495,175	482,446
		495,175	**494,446**
Total revenue		**31,445,261**	**37,463,307**
Expenses			
Program expenses	7	24,782,204	24,864,337
Administrative expenditure	8	8,387,960	9,783,057
Total expenses		**33,170,164**	**34,647,394**
Surplus for the period		**(1,724,902)**	**2,815,914**

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Adanech Feyissa Chartered Certified Accountants /London/ & Authorized Auditors

Nuru International Ethiopia
Statement of Financial Performance
For the year ended 31 December 2020

	Notes	31 December 2020 Birr	31 December 2019 Birr
Revenue from non-exchange transaction			
Transfer from Head office	5	30,950,086	36,968,861
		30,950,086	**36,968,861**
Revenue from exchange transaction			
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Surplus for the period		**(1,724,902)**	**2,815,914**

Nuru International Ethiopia
Statement of Financial Position
As at 31 December 2020

	Notes	31 December 2020 Birr	31 December 2019 Birr
ASSETS			
Property, Plant and Equipment	9	5,274,521	5,769,697
Non-current assets		**5,274,521**	**5,769,697**
Advances and prepayments	10	820,205	1,904,576
Cash and cash equivalents	11	296,800	1,189,975
Current assets		**1,117,005**	**3,094,551**
Total assets		**6,391,527**	**8,864,248**
LIABILITIES			
Non-current employee benefits obligation - Severance	13	1,387,126	1,662,709
Non current liabilities		**1,387,126**	**1,662,709**
Trade and other payables from exchange transaction	12	725,437	539,685
Employee benefits obligation - Leave	13	21,457	635,628
Total current liabilities		**746,894**	**1,175,313**
Total liabilities		**2,134,020**	**2,838,022**
Net Assets (Total assets less total liabilities)		**4,257,507**	**6,026,226**
NET ASSETS			
Fixed assets reserve fund	14	5,274,522	5,769,697
General fund	15	(1,017,015)	256,529
Total net assets		**4,257,507**	**6,026,226**

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Addis Ababa

Nuru International Ethiopia

Statement of Cash Flow

For the year ended 31 December 2020

	30 December 2020 Birr	30 December 2019 Birr
Surplus for the year	(1,724,902)	2,815,914
Depreciation	495,175	96,489
Adjustments	451,358	
Current period movement in PPE	(495,175)	(96,489)
Increase in receivable from non-exchange transaction		
Decrease(Increase) in advance & prepayment transaction	1,084,370	(954,562)
Increase(Decrease) in non-current employee benefits obligation - Sev	(275,583)	153,036
Increase in trade and other payables from exchange transaction	185,752	(1,420,436)
Increase(Decrease) in employee benefits obligation - Leave	(614,171)	498,260
Net Cash flow from operating activities	(893,176)	1,092,212
Cash flow from Investing activities		
Purchase of property, plant and equipment	-	(8,800)
Net Cash flow from investing activities	(893,176)	(8,800)
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	(893,176)	1,083,412
Cash and cash equivalent at the beginning of the year	1,189,975	106,564
Cash and cash equivalent at the end of the year	**296,800**	**1,189,975**

Nuru International Ethiopia

Statement of Change in Net Assets / Equity

For the year ended 31 December 2020

	Fund balance	PPE reserve	Total
	Birr	Birr	Birr
Balance as at 1 January 2019	**(2,550,586)**	**6,243,343**	**3,692,757**
Surplus/(deficit) for the period	2,815,914	-	2,815,914
Capitalized asset	(8,800)	8,800	-
Depreciation for the period	-	(482,446)	(482,446)
As at 31 December 2019	**256,529**	**5,769,697**	**6,026,225**
Balance as at 1 January 2019	**256,529**	**5,769,697**	**6,026,227**
Surplus/(deficit) for the period	(1,724,902)	-	(1,724,902)
Capitalized asset		-	-
Adjustment	451,358		451,358
Depreciation for the period	-	(495,175)	(495,175)
As at 31 December 2020	**(1,017,017)**	**5,274,523**	**4,257,507**

NURU INTERNATIONAL ETHIOPIA

INTEGRATED COMMUNITY DEVELOPMENT PROGRAM (ICDP)

STATEMENT OF BUDGET VERSUS ACTUAL

FOR THE YEAR ENDING 31 DECEMBER 2020

	Annual Budget	Actual Expenses	Variance	Utilization %	Program to Admin % Budget	Program to Admin % Actual
Agriculture program	5,569,485	5,612,578	(43,093)	101%		
Cooperative program	5,960,854	10,332,975	(4,372,121)	173%		
Education program	2,287,976	2,225,423	62,553	97%		
Health program	3,092,838	2,975,837	117,001	96%		
Leadership Department	948,194	714,514	233,680	75%		
Monitoring and Evaluation	2,861,671	2,920,877	(59,206)	102%		
Administration Department	10,708,680	8,387,960	2,320,720	78%		
	31,429,698	**33,170,164**	**(1,740,466)**	**106%**		
Program Cost	20,721,018	24,782,204	(4,061,186)	120%	65.93%	74.71%
Adminstration	10,708,680	8,387,960	2,320,720	78%	34.07%	25.29%
	31,429,698	33,170,164	(1,740,466)	106%	100%	100%

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Nuru International Ethiopia
Notes to the financial statements
For the year ended 31 December 2020

		31 December 2020 Birr	31 December 2019 Birr
5	**Transfer from Head office**		
	For projects	30,950,086	36,968,861
		30,950,086	**36,968,861**
6	**Income Released from PPE Reserve**	**495,175**	**482,446**
7	**Program cost**		
	Agricultural Program	5,612,578	6,954,885
	Cooperative program	10,332,975	7,681,850
	Education program	2,225,423	2,666,146
	Health program	2,975,837	2,969,292
	Monitoring & Evaluation	2,920,877	3,593,145
	Leadership	714,514	999,019
		24,782,204	**24,864,337**
8	**Administrative expenditure**		
	Staff salary and benefit	4,523,289	8,390,613
	Fixed Asset Purchase	50,190	27,621
	Office supplies stationaries and books	457,412	261,870
	Vehicle Running cost and transport	712,315	183,563
	Insurance	24,937	273,655
	Repair and maintenance	93,904	58,699
	Other costs and services	376,932	263,052
	Communication	251,660	
	Legal fee	758,161	
	Utility	23,278	88,191
	Rental and Lease	620,708	139,305
	Depreciation expense	495,175	96,489
		8,387,960	**9,783,057**

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Addis Ababa

9 Property, plant and equipment

	Computer and accessories Birr	Generator Birr	Motor Vehicle & Motor Cycle Birr	Office Furniture & Equipment Birr	Total Birr
Cost:					
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**
Additions					
Disposals					
Reclassification					
As at 31 December 2020	**519,090**	**304,500**	**6,466,498**	**308,331**	**7,598,419**
Accumulated depreciation and impairment losses					
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**
As at 31 December 2019	**211,291**	**135,249**	**1,348,113**	**134,069**	**1,828,722**
Charge for the year	64,826	30,450	366,910	32,989	495,176
Impairment Loss					
Disposals					
As at 31 December 2020	**276,116**	**165,700**	**1,715,023**	**167,058**	**2,323,898**
Net book value					-
As at 31 January 2019	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**
As at 31 December 2020	**242,974**	**138,800**	**4,751,475**	**141,273**	**5,274,521**

Adanech Feyissa Chartered & Authorized Auditors • Certified Accountants (London) • Addis Ababa

Statement of Financial Position
Notes to the financial statements
For the year ended 31 December 2020

		31 December 2020 Birr	31 December 2019 Birr
10	**Advance and Prepayment**		
	Employee travel advance	8,265	18,786
	Work advance	222,677	320,959
	prepaid expense	61,500	90,000
	Construction advance	527,763	1,474,831
		820,205	**1,904,576**
11	**Cash and Cash Equivalents**		
	Cash at bank-Zefine A/c no-100032	7,682	5,891.79
	Cash at bank-A/minch -An 1000032081413	173,634	24,776.11
	Cash at bank Abay bank	69,263	1,031,571.53
	Cash at bank Kucha	12,003	12,002.72
	Cash at bank Zala	34218	115,733
		296,800	**1,189,975**
12	**Trade and other payables from exchange transaction**		
	Retention payable	153,379	156,745
	Other Liabilities		18,687
	Provident fund payable		1,489
	Income tax payable	435,857	184,806
	Salary payable		-
	Withholding tax payable	10,061	-
	Pension payable	41,072	16,405
	Vendor payable	85,067	161,553
		725,437	**539,685**

Statement of Financial Position
Notes to the financial statements
For the year ended 31 December 2020

13 Employee benfit

	31 December 2020	31 December 2019
Accrued leave	21,457	635,628
Severance	1,387,126	1,662,709
	1,408,583	**2,298,337**

Maturity analysis

Current employee benefits obligation	21,457	461,561
Non-current employee benefits obligation	1,387,126	1,836,776
	1,408,583	**2,298,337**

		31 December 2020 Birr	31 December 2019 Birr
14	**Fixed Asset Reserve Fund**		
	At the beginning of the year	5,769,697	6,243,343
	Capitalization of PPE		8,800
	Depreciation	(495,175)	(482,446)
	At the end of the year	**5,274,522**	**5,769,697**
15	**General Fund**		
	At the beginning of the year	256,529	(2,550,584)
	Surplus /(Deficit) for the year	(1,724,902)	2,815,914
	Adjustment of PPE to be capitalized last year		-
	Fixed Asset Addition		(8,800)
	Adjustment of Leave over expensed last year	451,358	-
	At the end of the year	**(1,017,015)**	**256,529**

16 Related party transactions

Nuru's first integrated development project in Ethiopia began in 2013 in Boreda Woreda, Gamo Zone, and SNNPR. Nuru currently works in four integrated intervention areas/programs: Agriculture, Financial Inclusion, Health care and Education. All four programs work through Rural Cooperatives. Currently, Nuru Ethiopia employs approximately 37 staff based both at headquarters and field offices in Gamo and Gofa Zones of SNNPRS.

16a *Key management personnel compensation*

Key management personnel of the organization has been determined to be the Country Director and head of departments. The compensation paid or payable to key management personnel is shown below.

	31 December 2020 Birr	31 December 2019 Birr	31 December 2018 Birr
Salaries and other short-term employee benefits	3,851,778	3,801,479	3,217,100
Post-employment benefits	244,676	265,409	224,523
	4,096,454	**4,066,888**	**3,441,623**

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 2020.

17 Legal cases

Nuru International Ethiopia has the following legal cases as a plaintiff against
1- Former contractor who was required to finalize the construction
2- Berhan Insuance S.C. for performance bond in case of non-performance of the contractor
3- former employee who had failed to settele advance that he took for work purpose

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 state of affairs of the Organization as at 31 December 2020 and on the surplus/deficit for the period ended on that date, which have not been adequately provided for or disclosed.

Aganech Feyissa Chartered Certified Accountants (London) & Authorized Auditors
0930 01 27
Addis Ababa

NURU INTERNATIONAL ETHIOPIA
MANAGEMENT REPORT

FOR THE YEAR ENDED 31,DECEMBER 2020

ADANECH FEYISSA (FCCA)
Chartered Certified Accountants (London)
Authorized Auditors in Ethiopia)

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Adanech Feyissa
Chartered Certified Accountants / London/
Authorized Auditors

ቀን
Date
ቁጥር
Ref.No

NURU International Ethiopia
Arbaminch, Ethiopia

MANAGEMENT LETTER

In accordance with our appointment as auditors we have audited the financial statements of Nuru international Ethiopia for the year ended 31 December 2020 and issued our reports thereon separately.

The matters referred to in this report came to our notice during the conduct of our normal audit procedures, which are designed primarily with a view to expressing our opinion on the account of the company.

Therefore, our comments cannot be expected to include all possible improvements in internal control, whether all relevant policies and procedures are in operation and to disclose all defalcations and other irregularities that a more extensive special examination might reveal.

We would like to give our observations and recommendations on certain aspects of internal control and other matters as follows:

Tel 0930 09 82 54 Mob 0930 - 01 27 54 P.O Box 20531 Cod 1000 Addis Ababa, Ethiopia

1. **Observation**

As it is reported in the statement of Budget verses Actual, utilization of the operational costs represents 75% of the total expenditures and administrative costs are 25% of the total expenditures. It is less than the expectation of 80/20 rule.

Implication

Non-compliance with budget

Recommendation

In order to meet the government's requirement of 80:20 operational and administrative ratio, we recommend management to consider and maintain both at the time of budget establishment which is made at the beginning of the year and during consumption which is made during the whole year.

Management response

The recommendation is well accepted and the organization will work to improve the expenditure and utilization according to the 80;20 policy. Again, the COVID 19 situation of the reporting period should take consideration for the gaps identified.

Adanech Feyissa

Adanech Feyissa
Chartered certified accountants &
Authorized auditors

0930 01 27 54
Addis Ababa
Adanech Feyissa Chartered Certified Accountants /London/ & Authorized Auditors

Addis Ababa
April 1, 2021