

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF
NURU INTERNATIONAL ETHIOPIA
DECEMBER 31, 2022



ግርማና ፋሲል ኦዲት አገልግሎት ሕ.ሽ.ማ
የተመዘኑረሳቸው ኦዲተሮች
የፓ.ሣ.ቁጥር 1884 ስልክ 011/6189557/67
አዲስ አበባ

GIRMA AND FASIL AUDIT SERVICE PARTNERSHIP
CERTIFIED AUDIT FIRM (ETH)
P.O.BOX 1884 – TEL. 011/6189557/67
EMAIL: info@gandfauditpartners.com



Ref. GFAP 563/23

March 13, 2023

The Management
Nuru International Ethiopia
Arba Minch

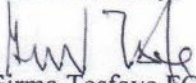
Dear Sirs;

Re: - Non-issuance of Management letter to Nuru International Ethiopia

This letter is written to confirm that we had not issued a management letter in connection with the audit of above mentioned organization for the year ended December 31, 2022 because we came across no significant finding which deserves to be included therein.

Should you have queries or seek explanations in connection with the above please do not hesitate to bring it to my attention.

Yours faithfully,


Girma Tesfaye FCCA
General Manager



INDEPENDENT AUDITORS REPORT
NURU INTERNATIONAL ETHIOPIA

1. Unqualified Opinion

We have audited the financial statements of Nuru International Ethiopia which comprise the Statement of Financial Position as at 31 December 2022 and the Statement of Financial Performance, Statement of Cash Flows and Statements of Changes in Equity for the year then ended and note to the financial statements, including a summary of significant accounting Policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at 31 December 2022 and the Statement of Financial Performance, Statement of Cash Flows and Statements of Changes in Equity for the year then ended in accordance with the International Public Sector Accounting Standards (IPSASs) .

2. Basis for Unqualified Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Responsibilities of Management and Those Charged with Governance for the Financial Statements.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies adopted, 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

4. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



INDEPENDENT AUDITORS REPORT (continued)
NURU INTERNATIONAL ETHIOPIA

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

- Identify and assess the risks of material misstatement of the statement of expenses, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicate with those charged with governance 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.

5. Report on other Legal and Regulatory Requirements

Based on our verification procedures, Nuru International Ethiopia has complied, in all material respect, with the requirements of the Organization of Civil Societies Proclamation No. 1113/2019 issued on March 9, 2019.

ADDIS ABABA
MARCH 13, 2023



GIRMA AND FASIL AUDIT SERVICE PARTNERSHIP
CERTIFIED AUDIT FIRM (ETH.)



Tel Mobile 251+911212635 – 251+911559050- 251+011-116189557 Fax- 0116632826
E-mail: info@gandfauditpartners.com; Web: www.gandfauditpartners.com
Office Address: - 1 Africa Avenue Dabi Complex Bldg. 5th floor. Room # 507: P.O.Box

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Notes	31 December 2022	31 December 2021
		Birr	Birr
Revenue from non-exchange transaction			
Transfer from Head office	5	15,309,686	39,043,389
Other income		9,695	-
		15,319,381	39,043,389
Revenue from exchange transaction			
Other income			-
Income released from Fixed asset Reserve	6	513,604	488,168
		513,604	488,168
Total revenue		15,832,985	39,531,557
Expenses			
Program expenses	7	12,276,350	28,357,338
Administrative expenditure	8	3,564,022	9,019,914
Total expenses		15,840,372	37,377,252
Surplus for the period		(7,387)	2,154,305

The notes on pages 9 to 24 are an integral part of these financial statements.



STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	Notes	31 December 2022 Birr	31 December 2021 Birr
ASSETS			
Property, Plant and Equipment	9	4,673,622	4,861,453
Non-current assets		4,673,622	4,861,453
Advances and prepayments	10	701,876	777,829
Cash and cash equivalents	11	501,940	347,851
Current assets		1,203,817	1,125,680
Total assets		5,877,438	5,987,133
LIABILITIES			
Non-current employee benefits obligation - Severance	13	490,757	-
Non current liabilities		490,757	-
Trade and other payables from exchange transaction	12	18	79,480
Employee benefits obligation - Leave	13	-	-
Total current liabilities		18	79,480
Total liabilities		490,775	79,480
Net Assets (Total assets less total liabilities)		5,386,663	5,907,653
NET ASSETS			
Fixed assets reserve fund	15	4,673,621	4,861,453
General fund	16	713,042	1,046,201
Total net assets		5,386,663	5,907,654

The notes on pages 9 to 24 are an integral part of these financial statements.

Country Director

Finance Manager



NURU INTERNATIONAL ETHIOPIA
STATEMENT OF CHANGE IN NET ASSET/ EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Fund balance</u> <u>Birr</u>	<u>PPE reserve</u> <u>Birr</u>	<u>Total</u> <u>Birr</u>
Balance as at 1 January 2021	(1,017,015)	5,274,522	4,257,507
Surplus/(deficit) for the period	2,154,304	-	2,154,304
Adjustment	(15,990)	-	(15,990)
Disposed assets	8,401	(8,401)	
Capitalization of PPE	(83,500)	83,500	
Depreciation for the period	-	(488,168)	(488,168)
As at 31 December 2021	1,046,201	4,861,453	5,907,654
Balance as at 1 January 2022	1,046,201	4,861,453	5,907,654
Surplus/(deficit) for the period	(7,387)	-	(7,387)
Capitalization of PPE	(466,300)	466,300	-
Disposed assets	140,528	(140,528)	-
Depreciation for the period	-	(513,604)	(513,604)
As at 31 December 2022	713,041	4,673,622	5,386,663

The notes on pages 9 to 24 are an integral part of these financial statements.



NURU INTERNATIONAL ETHIOPIA
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2022

	30 December 2022 Birr	30 December 2021 Birr
Surplus for the year	(7,387)	2,154,305
Depreciation	513,604	488,168
Adjustments	140,527	(7,591)
Current period movement in PPE	(513,604)	(488,168)
Decrease (Increase) in advance & prepayment transaction	75,953	42,376
(Decrease) Increase in non-current employee benefits obligation - Seve	490,757	(1,387,126)
(Decrease) Increase in trade and other payables from exchange transa	(79,462)	(645,957)
(Decrease) Increase in employee benefits obligation - Leave	-	(21,457)
Net Cash flow from operating activities	620,388	134,550
Cash flow from Investing activities		
Purchase of property, plant and equipment	(466,300)	(83,500)
Net Cash flow from investing activities	(466,300)	(83,500)
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	154,088	51,050
Cash and cash equivalent at the beginning of the year	347,851	296,800
Cash and cash equivalent at the end of the year	501,940	347,851
<u>Components of cash and cash equivalent</u>		
Cash and bank balances	501,940	347,851

The notes on pages 9 to 24 are an integral part of these financial statements.



NURU INTERNATIONAL ETHIOPIA
INTEGRATED COMMUNITY DEVELOPMENT PROGRAM (ICDP)
STATEMENT OF BUDGET VERSUS ACTUAL
FOR THE YEAR ENDING 31 DECEMBER 2022

	<u>Annual Budget</u>	<u>Actual Expenses</u>	<u>Variance</u>	<u>Utilization %</u>	<u>Program 1 Budget</u>
Agriculture program	3,843,507	3,712,314	131,193	97%	
Cooperative program	5,298,866	5,345,177	(46,311)	101%	
Monitoring and Evaluation	2,721,065	2,978,300	(257,235)	109%	
Marketing department	526,514	240,559	285,955	46%	
Administration Department	3,032,792	3,564,022	(531,230)	118%	
	15,422,744	15,840,372	(417,628)	103%	
Program Cost	12,389,952	12,276,350	113,602	99%	80%
Administration	3,032,792	3,564,022	(531,230)	118%	20%
	15,422,744	15,840,372	(417,628)	103%	



Nuru International Ethiopia

Notes to the financial statements

For the year ended 31 December 2022

1 Reporting entity

Nuru International Ethiopia (NIE) is a US-based international NGO working to end extreme poverty in remote rural communities in Ethiopia. NIE is registered in Ethiopia as an International NGO with Charities and Societies Agency with Registration Number 2832.

NIE's head office is in Arbaminch, Ethiopia.

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 4.7 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.



Nuru International Ethiopia

Notes to the financial statements

For the year ended 31 December 2022

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 shall be taken as initial cost.

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.



Nuru International Ethiopia

Notes to the financial statements

For the year ended 31 December 2022

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:



Nuru International Ethiopia

Notes to the financial statements

For the year ended 31 December 2022

4.4.5 Impairment of financial assets (continued)

- 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.



Nuru International Ethiopia

Notes to the financial statements

For the year ended 31 December 2022

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



Nuru International Ethiopia

Notes to the financial statements

For the year ended 31 December 2022

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.



Nuru International Ethiopia

Notes to the financial statements

For the year ended 31 December 2022

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.



Nuru International Ethiopia

Notes to the financial statements

For the year ended 31 December 2022

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 recognized in the statement of financial performance.



Nuru International Ethiopia

Notes to the financial statements

For the year ended 31 December 2022

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.



Nuru International Ethiopia

Notes to the financial statements

For the year ended 31 December 2022

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



Nuru International Ethiopia

Notes to the financial statements

For the year ended 31 December 2022

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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

	31 December 2022 Birr	31 December 2021 Birr
5 Transfer from Head office		
For projects	15,309,686	39,043,389
	15,309,686	39,043,389
6 Income Released from PPE Reserve	513,604	488,168
7 Program cost		
Agricultural Program	3,712,314	4,400,315
Cooperative program	5,345,177	11,699,019
Education program	-	2,801,717
Health program	-	3,882,891
Monitoring & Evaluation	2,978,300	3,248,761
Leadership	-	601,662
Partner ship	-	1,722,973
Marketing Department	240,559	-
	12,276,350	28,357,338
8 Administrative expenditure		
Staff salary and benefit	1,459,499	6,203,877
Office supplies stationaries and books	276,593	136,872
Vehicle Running cost and transport	181,478	379,830
Insurance	7,295	39,826
Repair and maintenance	44,635	462,433
Other costs and services	1,170,364	1,251,105
Communication	20,492	126,456
Legal fee	104,682	110,081
Utility	34,123	19,052
Rental and Lease	72,058	192,749
Depreciation expense	192,803	97,634
	3,564,022	9,019,914



NURU INTERNATIONAL ETHIOPIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

9 Property, plant and equipment

	Computer and accessories	Generator	Motor Vehicle & Motor Cycle	Office Furniture & Equipment	Total
	Birr	Birr	Birr	Birr	Birr
Cost:					
As at 1 January 2021	519,090	304,500	6,466,498	308,331	7,598,419
Additions	-	-	-	83,500	83,500
Disposals	(21,660)	-	-	(5,500)	(27,160)
Reclassification	-	-	-	-	-
As at 31 December 2021	497,430	304,500	6,466,498	386,331	7,654,759
Additions	226,000	93,000	-	147,300	466,300
Disposals	(43,840)	-	(247,649)	-	(291,489)
Reclassification	-	-	-	-	-
As at 31 December 2022	679,590	397,500	6,218,849	533,631	7,829,570
Accumulated depreciation and impairment losses					
As at 1 January 2021	276,117	165,699	1,715,023	167,058	2,323,897
Charge for the year	61,766	30,450	356,650	39,302	488,168
Adjustment	-	-	(10,260)	10,260	-
Impairment Loss	-	-	-	-	-
Disposals	(16,787)	-	-	(1,972)	(18,759)
As at 31 December 2021	321,097	196,149	2,061,413	214,647	2,793,306
Charge for the year	79,958	38,221	335,413	60,011	513,604
Disposals	(36,054)	-	(114,907)	-	(150,961)
As at 31 December 2022	365,001	234,371	2,281,919	274,659	3,155,949
Net book value					
As at 31 January 2021	242,973	138,801	4,751,475	141,273	5,274,522
As at 31 December 2021	176,333	108,351	4,405,085	171,684	4,861,453
As at 31 December 2022	314,589	163,129	3,936,930	258,973	4,673,622



NURU INTERNATIONAL ETHIOPIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

	31 December 2022	31 December 2021
	Birr	Birr
10 Advance and Prepayment		
Staff loan	-	6,190
Work advance	166,661	243,876
Prepaid expense	7,452	-
Construction advance	527,763	527,763
	701,876	777,829
11 Cash and Cash Equivalents		
	31 December 2022	31 December 2021
	Birr	Birr
Cash at bank-Zemine A/c no-100032	7,682	7,682.41
Cash at bank-A/minch -An 1000032081413	2,431	93,254.72
Cash at bank Abay bank	3,502	230,556.75
Cash at bank Kucha	12,003	12,002.72
Cash at bank Zala	4,354	4,354
Cash at bank	471,968	-
	501,940	347,851
12 Trade and other payables from exchange transaction		
	31 December 2022	31 December 2021
	Birr	Birr
Retention payable	-	64,268
Income tax payable	-	6,927
Withholding tax payable	18	8,285
	18	79,480



NURU INTERNATIONAL ETHIOPIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

13 Employee benefits obligation	31 December 2022 Birr	31 December 2021 Birr
Accrued leave	-	-
Severance	490,757	-
	<u>490,757</u>	-
Maturity analysis		
Current employee benefits obligation	-	-
Non-current employee benefits obligation	490,757	-
	<u>490,757</u>	-

14 Compliance to Organization of Civil Societies Proclamation 1113/2019 article 63-1(2)

Organization of Civil Societies Proclamation 1113/2019 requires administrative expenditures of organizations established for the benefit of the general public or that of third parties may not exceed 20% of the total income. The current period administrative expenditure amounts to 23.26% of the total income.

	31 December 2022	
	Birr	% of total income
Program Expenditures	12,276,350	80.14%
Administrative Expenditure	3,564,022	23.26%
	<u>15,840,372</u>	



NURU INTERNATIONAL ETHIOPIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

	31 December 2022 Birr	31 December 2021 Birr
15 Fixed Asset Reserve Fund		
At the beginning of the year	4,861,453	5,274,522
Capitalization of PPE	466,300	83,500
Disposed assets	(140,528)	(8,401)
Depreciation	(513,604)	(488,168)
At the end of the year	4,673,621	4,861,453
	31 December 2022 Birr	31 December 2021 Birr
16 General Fund		
At the beginning of the year	1,046,201	(1,017,015)
Adjustment on beginning balance	-	(15,730)
Surplus /(Deficit) for the year	(7,387)	2,154,045
Capitalization of PPE	(466,300)	(83,500)
Disposed assets	140,528	8,401
At the end of the year	713,042	1,046,201

17 Related party transactions

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

17a 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 2022 Birr	31 December 2021 Birr
Salaries and other short-term employee benefits	3,958,033	4,696,678
Post-employment benefits	323,474	383,904
	4,281,507	5,080,581

17b 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 2022.

18 Legal cases

Nuru International Ethiopia has the following legal cases as a plaintiff against:

1. Former contractor who was required to finalize the construction.

The Court had decided that the contractor should pay Birr 754,344.90 plus interest. Execution of this decision by the Federal High Court is pending because the address of the defendant is not known. However, the case had been closed until the address and/ or property and/ or money of the defendant is found

2. Former employee, Merihun Bachu who had failed to settle advance that he took for work purpose.

The defendant had filed an appeal to the Regional Supreme Court after the Arba Minch High Court decided in favor of Nuru International Ethiopia. Although execution of the judgement had been filed the case had been closed until the address and/ or property and/ or money of the defendant is found.

19 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 2022 and on the surplus/deficit for the period ended on that date, which have not been adequately provided for or disclosed.

