

**HELPAGE INTERNATIONAL ETHIOPIA
OFFICE**

**IPSAS BASED AUDITOR'S REPORT FOR THE
YEAR ENDED 31 DECEMBER 2021**



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SOLOMON DEMENA
CERTIFIED AUDIT FIRM

አድራሻ: መገናኛ ማራቶን ሞተርስ ህንፃ 6ኛ ፎቅ ቢሮ ቁጥር 609

MOB:- +251 911860515/ 930110292/93/94 TEL: +251 119 676658

FAX: +251 116676681 P.O.Box. 28622AA

E-MAIL:tomime76@gmail.com

**HELPAge INTERNATIONAL ETHIOPIA COUNTRY OFFICE
FOR THE YEAR ENDED 31 DECEMBER 2021
KEY ENTITY INFORMATION AND MANAGEMENT**

Background Information

HelpAge International (HAI) is a global network of organization working with and for older people and is a charitable company limited by guarantee, incorporated on 19 October 1983 and registered as a charity on 17 November 1983 in UK. The company was established under a Memorandum of Association, which sets out the objects and powers of the charitable company and is governed by its Articles of Association.

HelpAge has been operating in Ethiopia for more than 25 years (since 1992) supporting older people in general and destitute and disadvantaged ones. As the only agency primarily working for older people, HelpAge's priority programs include income security, social care and support, inclusive health and wellbeing, emergency response and resilience building. As a result of the recent change in the regulation and in accordance with Civil Society Organization proclamation no. 1113/2019 HelpAge International has been re-registered and received operational certificate number 0816 on 17th of July 2019.

Vision:

To see a world in which all older people can lead dignified, healthy and secure lives.

Mission:

Our mission is to promote the wellbeing and inclusion of older women and men, and reduce poverty and discrimination in later life.

Organization TIN number 0001439296

Executive management (as of 31 December 2021)

Tewodros Belachew

Country Director

Independent auditor

Solomon Demena Certified Audit firm, ACCA, UK

Address:

Central Office

Tel: 251(0) 11 1261535/37

Fax:

P.O. box

Subc Kirkos

Addis Ababa

Ethiopia

Principal bankers

Commercial Bank of Ethiopia

Awash Bank



**HELPAGE INTERNATIONAL ETHIOPIA OFFICE
REPORTS AND ANNUAL FINANCIAL STATEMENTS
STATEMENT OF MANAGEMENT RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2021**

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


The Management to prepare financial statements in respect of that organization, which give a true and fair view of the state of affairs of the organization at the end of the financial year/period and the operating results of the organization for that year/period. The Management is also required to ensure that the organization keeps proper accounting records which disclose with reasonable accuracy of financial position of the organization. The Management is also responsible for

The Management is responsible for the preparation and presentation of the organization's financial statements, which give a true and fair view of the state of affairs of the organization for and as at the end of the financial year (period) ended on December 31, 2021.

The Management accepts the responsibility for the organization's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS). The Management is of the opinion that the organization's financial statements give a true and fair view of the state of organization's transactions during the financial year ended December 31, 2021, and of the organization's financial position as at that date. The Management further confirms the completeness of the accounting records maintained for the organization, which have Nothing has come to the attention of the Management to indicate that the organization will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The organization's financial statements were approved by the Management on June 2022 and signed on its behalf by:


Country Director


Head of Finance & Operation





INDEPENDENT AUDITOR'S REPORT ON THE ACCUNTS OF HELPAGE INTERNATIONAL ETHIOPIA OFFICE

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Helpage International Ethiopia Office** Which comprise the Statement of Financial Position as at 31 December 2021, and the statement of Financial Performance, Statement of Changes in Net Asset and Statement of Cash Flows for the year then ended 31 December 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, or (give a true and fair view of) the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended 31 December 2021 in accordance with International Public Sector Accounting Standards (IPSASs) and in the manner required by the Organization of Civil Societies regulatory framework.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

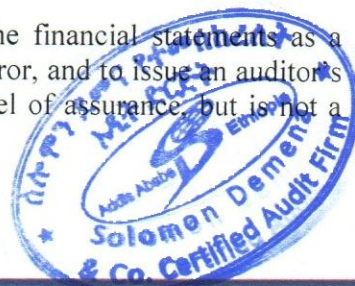
The Managements who are charged with Governance are responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards (IPSAS) as set out by International Public Sector Accounting Standards Board (IPSASB), and Organization of Civil Societies regulatory framework for such internal control as Directors determine 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, Directors are responsible for assessing the Company'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 Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Managements are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a



guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

In our opinion, **Helpage International Ethiopia Office** has complied, in all material respects, with the requirements of the Charities and Societies Organization Proclamation No. 1113/2019 and proper books of accounts have been kept and the statement of financial position and statement of financial performance are in agreement with the books of accounts.

Solomon Demena-FCCA



Solomon Demena Certified Audit Firm

Addis Ababa
June 06, 2022



HELPAGE INTERNATIONAL ETHIOPIA OFFICE
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2021
(In ETB)

	Notes	31/12/2021	31/12/2020
<u>ASSETS</u>			
<u>Current assets</u>			
Cash and cash equivalent	6	38,682,975	1,070,006
Receivable - Staffs		198,070	1,539
Receivable - Partners		3,463,651	2,440,163
Prepayments		523,040	1,205,028
Inventories		3,346,191	1,930,024
Receivable- Head Quarter		13,240,124	15,098,434
Receivable from donor/IRC		-	-
Other current assets	7	63,998	43,889.64
<u>Total current assets</u>		59,518,049	21,789,085
<u>Non-current assets</u>			
Property, plant and equipment	4.4, 10	2,664,258	2,763,022
<u>Total non-current Assets</u>		2,664,258	2,763,022
<u>Total assets</u>		62,182,306	24,552,106
<u>Liabilities and equity</u>			
<u>Current liabilities</u>			
Accrued severance payable-current	12	1,323,198	405,608
Payable-Partners		422,600	128,324
Accounts payable		1,111,806	487,454
Tax payable		1,067,524	473,518
Provident/Pension fund		387,972	3,977
Payable to HAI-Head quarter		-	-
Other current liabilities	4.7, 12	428,038	9,230
<u>Total current liabilities</u>		4,741,139	1,508,111
<u>Non-current liabilities</u>			
Accrued Severance payable-noncurrent	4.7, 12	2,814,012	2,512,431
Payable to HAI-Africa Region		12,527,169	12,527,169
<u>Total non-current liability</u>		15,341,182	15,039,601
<u>Total liabilities</u>		20,082,320	16,547,711
<u>Equity</u>			
Reserves		8,004,394	18,613,023
Accumulated surplus or deficit		34,095,592	(10,608,629)
<u>Total equity</u>		42,099,986	8,004,394
<u>Total equity and liabilities</u>		62,182,306	24,552,106



HELPAGE INTERNATIONAL ETHIOPIA OFFICE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2021
(In ETB)

	Note	<u>31/12/2021</u>
<u>Revenue from Non-Exchange Transactions</u>		
Grant received	13	143,636,762
Gift in Kind from International Health Partners	13	<u>305,211</u>
		143,941,973
<u>Revenue from exchange transactions</u>		
Partners contribution		
Membership fee		
Interest income		
Other income		
Total revenue		143,941,973
<u>Expenses</u>		
<u>Program Expenses</u> (83.28 %)	14	91,393,388
<u>Administrative Expenses</u> (16.72%)	15	18,354,229
<u>Total expenses</u>		<u>109,747,617</u>
<u>Surplus for the year</u>		<u>34,194,356</u>



HELPAGE INTERNATIONAL ETHIOPIA OFFICE
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(In ETB)

	surplus or deficit ETB	Reserves	Total equity
As at 31/12/2020	-	8,004,394	8,004,394
Prior year adjustment	-	-	-
IPSAS adjustment for property, plant and equipment	-	-	-
Other IPSAS adjustment	-	8,004,394	8,004,394
Balance at 1 January 2021 adjusted (IPSAS)	-	-	8,004,394
Transfers between accumulated surplus or deficit and reserves	-	-	-
Surplus for the year	34,194,356	-	34,194,356
Current year FA adjustment	(98,764)	-	(98,764)
Prior year adjustment	-	-	-
Balance at 31 December 2021	34,095,592	-	42,099,986



HELPAge INTERNATIONAL ETHIOPIA OFFICE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

(In ETB)

	Notes	31/12/2021
Cash flows from operating activities		
Surplus for the year	S/D state	34,194,355.69
<i>Adjustments to reconcile surplus for the year to net cash flows :</i>		
Income collected by HQ on behave of US		(62,012,156)
Cash received from HQ		60,934,072
Cash transferred from regional office		-
(Increase)/decrease in staff receivables		(196,531)
(Increase)/decrease in inventories		(1,416,166)
(Increase)/decrease in prepayments		681,988
(Increase)/decrease in other current assets /Coupon/		(20,108)
(Increase)/decrease in partners receivable		(1,023,488)
Increase/(decrease) in accounts payable		624,353
Increase/(decrease) in tax payable		594,005
Increase/(decrease) in pension/provident payable		383,995
Increase/(decrease) in partners payable		294,276
Increase/(decrease) in accrued staff benefits – current		917,591
Increase/(decrease) in other current liabilities		418,808
Increase/(decrease) in accrued staff benefits – non-current		301,581
Increase/(decrease) in expenses paid from other HelpAge office		3,289,818
Increase/(decrease) in expenses paid for other country by ETH office		309,751
Exchange rate effect		(663,173)
Provision of bad debts		-
Expensse adjustment		-
Net cash generated from operating activities		<u>37,612,972</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment		-
Net cash (used for) investing activities		<u>-</u>
Net increase (decrease) in cash and cash equivalents		<u>37,612,972</u>
Movement in cash and cash equivalents		
At start of year		1,070,006
Increase (Decrease) in the year		<u>37,612,972</u>
At end of year		<u>38,682,977</u>
The notes on pages 12 to 28 are an integral part of these financial statements.		



HELPAge INTERNATIONAL ETHIOPIA OFFICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(In ETB)

1 Reporting Entity

Help Age International (HAI) is a non for profit organization. Help Age International has been re-registered and received operational certificate number 0816 on 17th of July 2019.

2 Statement of compliant HAI with the International Public Sector Accounting Standards

The financial statements of Help Age International have been prepared mainly in accordance with the accrual basis International Public Sector Accounting Standards (IPSAS), Agency for Civil Societies Proclamation No. 1113/2019 and Help Age International rules and regulations. These annual financial statements of HAI are the first to be prepared in accordance with IPSAS and Prior to year 2019, HAI prepared its financial statements in accordance with GAAP, which Prescribed the use of a modified accrual basis of accounting.

Starting from year 2019, HAI have adopted accrual basis IPSAS, and the conversion to full accrual accounting as prescribed by IPSAS has resulted in significant changes to accounting policies and in the type and measurement of assets, liabilities, revenues and expenses recognized. Accordingly, adjustments and reclassifications were made to the HAI statement of financial position as at 31 December 2018 under GAAP to arrive at the HAI restated 31December 2019 IPSAS opening statement of financial position. The net effect of the changes resulting from the adoption of IPSAS adjustments in the statement of financial position amounted to an increase in total net assets/equity of ETB on 31 December 2019, details of which are in note. In addition, the adoption of IPSAS will require the preparation of annual financial statements for the period 31December 2021.

New standards and interpretation not yet adopted

i) IPSAS 41, Financial Instruments

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



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

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

The standard is effective 1 January 2022. Although early adoption is permitted, HAI did not apply

ii) IPSAS 42, Social Benefits

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

The standard is effective 1 January 2022. Although early adoption is permitted, HAI did not apply this standard in 2019.

3 Basis of preparation and authorization for issue

Basis of preparation

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

HAI previously prepared its financial statements on the modified cash basis under Local GAAP. The House of Peoples' Representatives and Council of Ministers of Ethiopia approved financial reporting proclamation 847/2014 and regulation 332/2014 respectively. Both proclamation and regulation enforce the adoption of International Public Sector Accounting Standard (IPSAS) for Non-Profit making reporting entities when preparing and presenting their annual financial statements, to become effective 2017/18. The first time adoption of IPSAS effective 01 January 2019 reflected the change from a modified cash basis of accounting to an accrual basis of

The financial statement consists of:



A Statement of Financial Position

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

A Statement of Financial Performance

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

A Statement of Changes in Net Assets/Equity

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

A Cash Flow Statement

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

Notes to the Financial Statements

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

3.1 Going concern

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

IPSAS applicable to HAI are:

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

- IPSAS 28: Financial Instruments - Presentation



IPSAS 29: Financial Instruments - Recognition and Measurement
IPSAS 30: Financial Instruments - Disclosures
IPSAS 31: Intangible Assets
IPSAS 39: Employee Benefits

3 Basis of preparation and authorization for issue (continued)

3.2 Transitional provisions and exemptions

IPSAS standards, with effect from 1 January 2019, are applied in accordance with IPSAS Transitional provisions as follows:

- As per IPSAS 33.77 "Presentation of financial statements", as permitted for first year adoption, comparative information has not been provided. First IPSAS financial statements presented in accordance with this IPSAS shall include; one statement of financial position, and an opening statement of financial position at the date of adoption (01 January 2019), one statement of financial

3.3 Authorization for issue

These financial statements are HAI ratified and approved by the Management of HAI. This issuance approval is dated June, 2022. No other authority has the power to amend the financial statements after issuance. (Reference: IPSAS 14, paragraph 26).

3.4 Financial risk management

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

i) Market Risk

Foreign exchange currency risk

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

Price Risk

HAI does not hold any financial instruments subject to Price risk.



Cash flow, fair value and interest rate risk

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

iii) Credit risk

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

The amount that best represents the HAI's maximum exposure to credit risk at 31 December, 2021 is made up as follows:

	31/12/2021 ETB	31/12/2020 ETB
Cash and cash equivalents	38,682,975	1,070,006
Balance	38,682,975	1,070,006

No collateral is held for any of the above assets.

4 Summary of significant accounting policies

4.1 Introduction to summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.2 Cash and cash equivalents

Cash and cash equivalents are held at nominal value and comprise cash on hand and cash at bank

4.3 Inventories

Inventories held for distribution at no charge or for a nominal charge are stated at cost. Where inventories have been acquired through a non-exchange transaction (i.e. inventories were donated as an in-kind contribution), cost shall be measured at its fair value at the date of acquisition.



4.4 Property, plant and equipment

Recognition and measurement

Property, plant and equipment is stated at historical cost, less accumulated depreciation and accumulated impairment losses except some buildings which have no cost information at date of adoption of accrual basis IPSAS were measured at revalued amount at date of transition and this revalued amount was taken as deemed cost at that date. Cost of Property, Plant and Equipment includes costs that are directly attributable to the acquisition of the asset and the initial

Transition to IPSAS

On transition to IPSAS, HAI has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1 January 2019 measured as its historical cost and use that cost as the deemed cost of the property, plant and equipment.

Subsequent costs

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

Depreciation

Depreciation of property, plant and equipment is calculated using the straight-line basis over the estimated useful lives, except for land, which is not subject to depreciation. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, i.e., major components of property, plant and equipment. Assets under construction are not depreciated, as they are not yet available for use.

The estimated useful lives are as follows:

Class	Estimated useful life (in years)
Building	20
Motor vehicles	4
Machinery	4
Furniture and equipment	4
Computers and accessories	4

4 Summary of significant accounting policies (continued)

4.4 Property, plant and equipment (Continued)



HAI commences depreciation when the asset is available for use and ceases depreciation of an asset when the asset is derecognized.

Given the expected pattern of usage of property, plant and equipment, there are no residual values for furniture and equipment, motor vehicles and, computers and accessories following full

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

Impairment

The carrying values of PPEs are reviewed for impairment if events or changes in circumstances indicate that the book value of the asset may not be recoverable. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss if any. Any provision for impairment is included in the statement of financial performance.

4.5 Intangible assets

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

Acquired intangible assets are capitalized based on costs incurred to acquire and bring to use the

4.6 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which HAI operates ('the functional currency'). The functional currency and presentation currency of HAI is the Ethiopian Birr (ETB).

b) Transactions and balance

Foreign currency transactions are translated into the functional currency using the monthly average exchange rates. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than HAI's functional currency are recognized in statement of financial performance. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

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

4.7 Employee benefits

Short-term employee benefits



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

4 Summary of significant accounting policies (continued)

4.7 Employee benefits (continued)

Post-employment benefits-defined contribution plan/pension and provident fund contribution

HAI has two defined contribution plans;

- i) Pension scheme in line with the provisions of Ethiopian pension of private Organization employees proclamation 715/2011. Funding under the scheme is 7% and 11% by employees and HAI respectively based on the employees' salary;
- ii) Provident fund contribution - funding under this scheme is 3% and 4% by employees and HAI Employer's contributions to this scheme are charged to statement of financial performance in the period in which it relates.

The contributions are treated as payments to a defined contribution plan. A defined contribution plan is a pension plan under which fixed contributions are paid into a separate pension entity fund. Once the contributions have been paid, the entity retains no legal or constructive obligation to pay further contributions if the fund does not hold enough assets to finance benefits accruing under the

End of service/severance benefits

HAI provides end of services/severance benefits for its employees. The entitlement to these benefits is based upon the employees' length of service and the Ethiopian Labor Law (Article 39-40). The expected costs of these benefits are accrued over the period of employment.

The final pay-out of severance is determined by Reference to current benefit's level (monthly

Other long-term employee benefits

Other long-term employee benefit obligations are benefits, or portions of benefits, that are not



due to be settled within 12 months after the end of the year in which employees provide the related service. Those benefits include the non-current portions of severance pay. The recent salary has been used to determine the entitlement.

4 Summary of significant accounting policies (continued)

4.8 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Entity as a lessee

Leases that do not transfer to the entity substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognized as an expense in the statement of financial performance on a straight-line basis over the lease term.

Entity as a lesser

Leases where the entity does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income is recorded as earned based on the contractual terms of the lease. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Right-to-use arrangements

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

4.9 Provisions and contingencies

Provisions



A provision is recognized if, as a result of a past event, HAI has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits or service potential will be required to settle the obligation. Provisions are measured at the present value of the expenses expected to be required to settle the

Contingencies

Contingent assets

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

Contingent liabilities

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

4.10 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits or service potential will flow to HAI and the revenue can be reliably measured.

Revenue from non-exchange transactions/contributions

Revenue from non-exchange transactions is measured based on the increase in net assets recognized. Where the full criteria for recognition of an asset under a non-exchange agreement are not fulfilled, a contingent asset may be disclosed.

4 Summary of significant accounting policies (continued)

4.10 Revenue recognition (continued)

Voluntary contributions are non-exchange transactions which are recognized as revenue when contribution agreements become enforceable, or when cash is received in the absence of contribution agreements. To the extent that there is a related condition attached that would give rise In-kind contributions of goods provided are recognized as assets and revenue once it is probable that future economic benefits or service potential will flow to HAI and the fair value of those assets can be measured reliably. HAI disclose contributions of services in-kind if

Revenue from exchange transactions

Exchange transactions are those in which HAI sells goods or provides services. Revenue comprises the fair value of consideration received or receivable for the sale of goods and



services. Revenue is shown net of returns and discounts. Revenue is recognized when it can be reliably measured, when the inflow of future economic benefits or service potential is probable

Contribution in-kind and in-service

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

Miscellaneous Revenue (exchange transactions)

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

4.11 Expense recognition

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

4.12 Change in accounting policies and estimates

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

4.13 Statement of cash flow

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

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

5. Related Parties

HAI regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the entity, or vise versa. Members of key



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Note 6 Cash and bank balances

	31/12/2021	31/12/2020
Cash on hand - Mega office	10,467.53	(0)
Cash on hand - Gambela office	12,944	6,348
Cash on hand - AA	19,582	14,302
Awash Bank - A.A Acc No. 01308159117300	37,401,414	831,762
CBE Bank - Mega Acc No. 10000331770837	1,233,616	42,252
CBE Bank - Dollo Acc No. 638C01000118	793	793
Awash Bank-Gambela Acc No. 01308159117302	4,159	174,549
Total	38,682,975	1,070,006

Note 7 Other current asset

Fuel Coupons	63,998	33,998
Inter float transfer code with office - Ethiopia	-	4,343
	63,998	38,341



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Note 10 Property, plant and equipment

Property, plant and equipment with a value greater than or equal to ETB10,500 are recognized as non current assets in the SOFP. PPEs are initially recognized at cost unless acquired through a non-exchange transaction, in which case they are recognized at fair value at the date of acquisition. HAI recognize and carry its assets at cost and applying cost model. The costs include costs of asset incurred initially and costs incurred subsequently to add and replace parts, service it, etc. Straight line method is used to calculate the depreciation charge using the the depreciation rate shown as follows:

Asset category	Useful life years	Deprecation rate	Residual Value
Furniture	4	25%	0%
Motor vehicles	4	25%	0%
Computers	4	25%	0%
Office equipment	4	25%	0%

The effect of the initial recognition of property, plant and equipment is shown as an adjustment to the opening balance of accumulated surplus or deficit

Helpmate International PPE Depreciation Schedule Report - IPSAS				
Description	Bal. as at 1/1/2021	Additions	Disposal	Bal. as at 31/12/2021
Cost				
Computers and accessories	1,064,601	695,429	-	1,760,030
Office equipment	109,943	206,040	-	315,983
Motor vehicles	5,185,916	610,000	-	5,795,916
Furniture & fittings	16,950	-	-	16,950
Total	6,377,410	1,511,469	-	7,888,879
Depreciation				
Computers and accessories	598,301	308,692	-	906,993
Office equipment	62,012	47,917	-	109,929
Motor vehicles	2,953,174	1,245,783	-	4,198,957
Furniture & fittings	901	7,841	-	8,742
Total	3,614,388.14	1,610,234	-	5,224,622
Net book values	2,763,022	(98,764)	-	2,664,258



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Note 11 Accounts payable

Pension and provident payable
Accrual payable
Sundry
Other payable

Less:- financial liability write off

Total account payable

31/12/2021

-
-
-
-
-

-

31/12/2020

-

-

Note 12 Employee termination benefits

Termination(severance) benefits are accrued regularly and payable to employees when the employment contract is terminated at end of the project life or due to other reasons or whenever an employee decide to leave the organization. Provision will be made if the employee provide service over the prohibition period and accounted

Current

Severance payable (field staffs)

Total current

31/12/2021

1,323,198

1,323,198

31/12/2020

405,608

405,608

Non-Current

Severance payable (Addis Ababa Staffs)

Total non-current

2,814,012

2,814,012

4,137,210

2,512,431

2,512,431

2,918,039

* The final pay-out of severance is determined by reference to current benefit's level (monthly salary) and number of years in service and is calculated as one month salary for the first year in employment plus 1/3 of monthly salary for each subsequent years in employment.

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

Severance

Opening balance

2,918,039

Accrual for the year

1,219,171

Closing balance

4,137,210



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Note 13 Revenue

	<u>31/12/2021</u>
Revenue from non-exchange transactions	
Help Age Germany	79,949,877
Office for the Coordination of Humanitarian Affairs(OCHA)	18,251,169
Help Age Canada	27,494,409
JE99-ETH335 refund	(152,613)
Help Age International, UK	12,069,124
Irish Aid (Irish Govt)	4,659,922
European Union	-
Rihabitation and Development Organization(RaDO)	1,152,666
Rift Valley Women & children development Org.	212,209
International Health Partners	305,211
Total revenue from non-exchange transactions	<u>143,941,972.98</u>
Revenue from exchange transactions	-
Total revenue from exchange transactions	-
Total revenue	<u><u>143,941,973</u></u>

Grant

The amounts shown for the grants represent actual revenue related to the donations from Donor.

Note 14 Expense analysis by Nature

Program	<u>31/12/2021</u>
Staff salaries and benefits	17,699,020
Consultant/Facilitator cost	151,755
Training costs	-
Visibility cost	491,305
Office rent	-
Office utilities	-
Partner office running costs	-
Programme Vehicle running costs	5,230,347
Warehouse rent	-
Vehicle purchase for project implementations	1,746,987
Computer/ software costs	-
Maintenance cost	-
Telephone and internet cost	-
FX difference projects	-



Miscellaneous cost	-
Perdiem and meal costs for program staffs	224,165
Transport and accommodation costs	-
NFI items to beneficiaries	5,811,196
Financial grant to beneficiaries	570,429
Office closure, consultancy, staffs, perdiem and running costs	-
Workshop/seminar costs	222,606
Program monitoring and support costs	3,016,974
Food for beneficiaries	6,387,245
Capacity building costs	4,521,770
Shelter construction costs	1,946,512
Water supply construction and sanitation costs to beneficiaries	5,772,513
Health service to beneficiaries	20,946,549
HIV/AIDS - General	428,000
Income generation activity costs	112,821
Partner program staff cost	4,911,362
Development costs	1,007,610
Advocacy costs	537,038
Project assessment costs	377,325
Water, sanitation, etc. program training costs	6,791,981
Publication costs	309,721
Public awareness campaign costs	2,178,158
Total program expenses	91,393,388

Note 15

Administration

Staff salaries and benefits	12,048,177
Subscription cost	2,600
Office rent	2,223,085
Office utilities	97,714
Partner office running costs	1,180,086
Office running costs	-
Office equipments	831,760
Computer/ software costs	1,204,241
Maintenance cost	52,000
Office supplies	620,191
Telephone and internet cost	397,689
Postal service costs	25,847
External audit fee	109,301
Legal & professional cost	25,200
Bank charge	114,165
Foreign exchange differences	(663,173)
Transport and accommodation costs	-
Provision of bad debts	-
Vehicle running costs	85,347
Total Admin. expenses	18,354,229
Total expenses	109,747,617



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Note 16 Related party disclosure

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

Transactions with related parties included in the financial statements are as follows:

31/12/2021

1-Jan-21

Donations and contributions

Key Management Personnel

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

Key Management Personnel	31/12/2021	31/12/2020
Number of positions	3	3
Salaries and other short-term employee benefits		5,458,743
Post employment/severance benefit		1,068,882
Total Remuneration	-	6,527,625

Note 17 Provisions, contingent liabilities and contingent assets

As at 31 December 2021, the Organization recognized the following contingency provisions.

Note 18 Events after the reporting period

HAI's reporting date is 31 December, 2021. On the date of the signing of these accounts, no material events, favorable or unfavorable, had been incurred between the statement of financial position date and the date when the financial statements were authorized for issue that would have had an impact on the financial statements.



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Note 19

Going concern assumption

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

Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause to cease to continue as a going concern.

