Contents

HOHETE TIBEB S.Co.
PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 Birr	2020 Birr
Operating Income			
Tuition Fee	1	102,514,203	91,452,005
Revenue from Book Sales	2	976,990	666,043
Fee and commission income	3	906,001	1,873,925
Other operating income	4	1,861,883	2,552,818
Total income		106,259,077	96,544,791
Expenses			
Personnel expenses	6	-55,124,100	-60,875,967
Depreciation and amortization	9	-5,120,343	-4,916,098
Cost Of book sales	5	-976,990	-1,157,877
Other operating expenses	7	-16,074,694	-16,392,129
Financial cost	8	-1,623,395	-2,259,580
Profit before tax		27,339,555	10,943,140
Deferred tax expense		725,222	2,835,614
Income tax expense	10.b	7,726,324	6,177,719
Profit /(loss) after tax		18,888,009	1,929,807
Transfer to Legal Reserve		-944,400	-96,490
Prior year tax assement payment		-2,381,209	-
		15,562,399	**1,833,316**
Profit attributable to:			
Shareholders of the company		15,562,399	1,833,316
Profit for the year		**15,562,399**	**1,833,316**
Total comprehensive income attributable to:			
Shareholder of the company		15,562,399	1,833,316
Total comprehensive income for the period		**15,562,399**	**1,833,316**
Earning per share	24	65.98	8.50

HOHETE TIBEB S.Co.
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

Cash flow analysis	Notes	30-Jun-21 Birr	30-Jun-20 Birr
ASSETS			
Cash and bank balances	11	48,992,444	32,184,469
Investment securities:			
- Subsidiary	13	39,539,093	33,000,093
- Loans and receivables	13	290,000	190,000
Other assets	14	33,337,730	30,783,211
Property, plant and equipment	16	73,739,279	72,138,885
Total assets		**195,898,547**	**168,296,658**
LIABILITIES			
Borrowings	17	7,222,997	10,344,197
Current tax liabilities	10.C	7,726,324	6,177,719
Other liabilities	18	21,196,216	10,037,798
Termination benefit payable	19	8,260,195	7,664,523
Deferred tax liability	10	7,906,873	7,181,651
Total liabilities		52,312,606	41,405,888
EQUITY			
Capital contribution	20	117,932,500	107,805,500
Retained earnings	21	16,713,590	11,267,250
Legal reserve	22	6,288,499	5,344,099
Building Fund		1,252,196	1,252,196
Share premium	23	1,399,156	1,221,724
Total equity		**143,585,941**	**126,890,769**
Total equity and liabilities		**195,898,547**	**168,296,658**

HOHETE TIBEB S.C
CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

CURRENCY : BIRR

	2021	2020
Cash flows from operating activities		
Net income before tax	27,339,555	10,943,140
Depreciation and amortization	5,120,343	4,916,098
Impairment loss	22,939	35,982.00
Interest income	-1,277,721	-1,182,329
Interest paid and accrued	1,619,286	2,324,844
Provision for severance benefit	595,672	7,664,523
Prior year adjustment	-4,527,508	217,427
Decrease (Increase) in Other assets	-2,554,519	-9,634,120
Increase (Decrease) in other liabilities	13,432,245	-1,270,721
Profit tax paid	-6,177,719	-8,364,415
Net cash in flow from operating activities	**33,592,574**	**5,650,429**
Cash flows from investing activities		
Purchase of fixed assets	-6,393,125	-3,165,058
Investement	-6,639,000	-
Proceed from time deposit	-	5,000,000
Net cash inflow from investing activities	**-13,032,125**	**1,834,942**
Cash flows from financing activities		
Issues of new shares	1,911,000	3,197,500
Premium	177,432	277,409
Dividend paid	-1,970,342	-3,449,634
Interest income	1,277,721	1,182,329
Interest paid	-1,619,286	-2,247,123
Annual lease payment	-407,798	-163,160
Loan repayment	-3,121,200	-5,546,081
Net cash outflow from financing activities	**-3,752,473**	**-6,748,760**
Net increase (decrease) in cash and bank balances	16,807,975	736,611
Cash and bank balances, beginning of year	32,184,469	31,447,858
Cash and bank balances end of the year	**48,992,444**	**32,184,469**
REPRESENTED BY		
Cash at bank	**48,992,444**	**32,184,469**

HOHETE TIBEB S.C
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

CURRENCY : BIRR

Shareholders Equity	Capital contribution	Retained earnings	Other reserve	Legal reserve
	Birr	Birr	Birr	Birr
As at 30 June 2020	107,805,500	11,267,250	1,252,196	5,344,099
Profit for the period	-	18,888,009	-	-
Transfer to legal reserve	-	-944,400	-	944,400
Additional shares issued	1,911,000	-	-	-
Prior year adjustment	-	-2,310,927	-	-
Dividend paid	-	-1,970,342	-	-
Retained earning transfer to capital	8,216,000	-8,216,000	-	-
Premium on sale of share	-	-	-	-
Total comprehensive income for the period	10,127,000	5,446,340	-	944,400
As at 30 June 2021	**117,932,500**	**16,713,590**	**1,252,196**	**6,288,499**

Notes to the Financial Statements

This report discloses the financial performance and state of affairs of HoheteTibeb S.C. (“Hohete or the Company”).

1. General Information

HoheteTibeb S.C
Around Unity University
Addis Ababa
Ethiopia

Hohet Tibebe S.C was established in March 2000 and registered with the Ministry of Trade and Industry of Federal Democratic Republic of Ethiopia with an authorized capital of Birr 2,571,500. Before its establishment in March 2000 as a share company, Ethio Parent School had been administered by a parents’ association. The association established Ethio Parents School in 1995. At the inception period, the school had been operating as a non-profit and parent owned school that caters well planned and quality education to children. Before it acquired its present share company structure, the school had undergone different historical developments.

The efforts of parents and assistance from government organization have remarkably contributed to the current status and functioning of the school. Upon reorganizing the school in March 2000 as a share company, the association that established the community school became an institutional shareholder together with parents individually.

The registered office of the entity is located at Bole Sub-city,Woreda14,Addis Ababa, Ethiopia .The management and control are vested with Mr. Genene Yilma, General Manager .This financial statement incorporates the operating results of the business license 14/673/622503/2006 issued by the Federal Democratic Republic of Ethiopia.

2. Summary of significant accounting policies

2.1. 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.

1.1. Basis of preparation

The financial statements for the year ended 30 June 2019 and 30 June 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information required by national regulations are included where appropriate.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statements for the year ended 30 June 2019 are the first the Company has prepared in accordance with International Financial Reporting Standards (IFRS). Refer to note 24 for information on how the Company adopted IFRS.

"The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The Directors believe that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1.1.

1.1.1. Going concern

The financial statements have been prepared on a going concern basis. The Directors have no doubt that the Company would remain in existence after 12 months.

1.1.2. Changes in accounting policies and disclosures

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 30 June 2019, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 9 - Financial Instruments

"IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

Classification and measurement

IFRS 9 require all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The IAS 39 measurement categories will be replaced by: fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI), and amortized cost. IFRS 9 will also allow entities to continue to irrevocably designate instruments that qualify for amortized cost or fair value through OCI instruments as FVPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments that are not held for trading may be irrevocably designated as FVOCI, with no subsequent reclassification of gains or losses to the income statement. The accounting for financial liabilities will largely be the same as the requirements of IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements will be presented in OCI with no subsequent reclassification to the income statement, unless an accounting mismatch in profit or loss would arise.

Impairment of financial assets

IFRS 9 will also fundamentally change the loan loss impairment methodology. The standard will replace IAS 39's incurred loss approach with a forward-looking expected loss (ECL) approach. The Fund will be required to record an allowance for expected losses for debt financial instrument at ultimate redemptive value. The allowance is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset. The Company is yet to assess the impact of this standard.

IFRS 15 - Revenue from contracts with customers

"IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

This standard deals with revenue recognition and establish principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Company is yet to assess the expected impact on this standard."

IFRS 16 - Leases

This standard was issued in January 2016 (effective 1 January 2019). It sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. It also substantially carries forward the lessor accounting requirements in IAS 17. The Company is yet to assess the expected impact of this standard.

1.1. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses if any. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognized in the statement of profit or loss as incurred.

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 associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Asset class	Depreciation rate
Building	2%
Lunch shade	10%
Motor vehicles	10%
Furniture & fittings	14%
Reference books	20%
Computer equipment	14%
Office equipment	14%

The Company commences depreciation when the asset is available for use. Freehold land is not depreciated.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized

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

Properties in the course of construction are carried as work in progress at cost, less any recognized impairment loss. Cost includes professional fees. Such properties are reclassified to the appropriate categories of asset when completed and ready for intended use.

1.1. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

Financial instruments - initial recognition and subsequent measurement

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

1.1.1. Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus transaction costs for all financial assets not initially recognized at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement of the Company's financial assets are classified into two categories:

- subsidiary
- Loans and receivables

a) 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 rate (EIR) 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 EIR. The EIR amortization is included in interest and similar income in income statement. The losses arising from impairment are recognized in income statement in loan impairment charge.

The Company's loans and receivables comprise of investment in government bonds and short-term investments.

Government securities: Government securities represent investment in Ethiopian government bonds.

b) Investment in a subsidiary

The Company investment in the share capital of Lucy Academy by acquiring 13,999 out of the 14,000 shares.

Impairment of financial assets

The Company assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated.

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

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's statement of financial position) when:

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

(a) the Company has transferred substantially all the risks and rewards of the asset, or

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay."

i. Financial assets carried at amortized cost

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Derecognition of financial assets

The interest income is recorded as part of ‘Interest and similar income’. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write–off is later recovered, the recovery is credited to the ’loan impairment charge’.

The present value of the estimated future cash flows is discounted at the financial asset’s original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.
For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Company’s internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past–due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Company.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Company and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

1.1.1. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition, as financial liabilities at fair value through profit or loss and other financial liabilities.

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs. The Company's financial liabilities include other payables, and accrued charges.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortized cost

Financial instruments issued by the Company, that are not designated at fair value through profit or loss but are classified as financial liabilities at amortized cost, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, financial liabilities at amortized cost are subsequently measured at amortized cost using the EIR. Amortized cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

All financial liabilities of the Company are carried at amortized cost.

Derecognition of financial liabilities

Financial liabilities are derecognized when they have been redeemed or otherwise extinguished.

1.1.1. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where The Company has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legal enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the Company or the counterparty.

1.2. Other assets

(a) Prepayments

Prepayments are payments made in advance for services to be enjoyed in future. The amount is initially capitalized in the reporting period in which the payment is made and subsequently amortized over the period in which the service is to be enjoyed.

(b) Other receivables

Other receivables are recognized upon the occurrence of event or transaction as they arise and cancelled when payment is received.

The Company's other receivables are staff advances and other receivables from debtors."

1.3. Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with company's and other short-term highly liquid investments with original maturities of three months or less.

1.4. IFRS 15 - Revenue from contracts with customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The company is yet to assess the expected impact on this standard.Based on the specific contract term stated on the contract, the company shall follow the following steps for revenue recognition

Step1: company need to identify if there is any contract or an agreement with customer that create enforceable rights and obligations.

In line with IFRS 15 these contracts can be written or oral or implied by company's customary business practices as long as it creates enforceable rights and obligations.

Hence, the company require assessing each type of contracts separately and deciding how to deal with it in line with IFRS 15.

Step 2: the company need to identify performance obligation (goods or services) in the contract.

Step 3: the company required to identify the transaction price which is the amount of consideration (payment) to which the company expect to be entitled in exchange of transferring promised goods and services.

Step 4: If company has a contact has more than one performance obligation, the company should allocate the transaction price for each PO (Performance Obligation).

Step 5: Finally, the company can recognize the revenue when the entity satisfies a performance obligation."

Fees and commission income

Fees and commissions are recognized as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognized over those future periods.

Investment income

Interest income is recognized in the statement of profit or loss as it accrues and is calculated by using the EIR method. Fees and commissions that are an integral part of the effective yield of the financial asset are recognized as an adjustment to the EIR of the instrument.

Investment income also includes dividends when the right to receive payment is established."

Dividend income

This is recognized when the Company's right to receive the payment is established, which is generally when the shareholders approve and declare the dividend.

1.1 Fair value measurement

The Company measures financial instruments classified as available-for-sale at fair value at each statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are, summarized in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions note 4.8.1 and notes 3
- Quantitative disclosures of fair value measurement hierarchy note 4.8.2
- Financial instruments (including those carried at amortized cost) note 4.8.3"

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Directors determine the policies and procedures for both recurring fair value measurement, such as available-for-sale financial assets.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

1.1. Provisions

Provisions are recognized when the Company 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 will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as other operating expenses."

1.2. Share capital

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds. The excess of the issue price over the par value is recorded in the share premium reserve.

1.3. Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period.

Diluted EPS is determined by adjusting the profit of loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding for the efforts of all diluted potential ordinary shares.

1.4. 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.

Company as a lessee

Leases that do not transfer to the Company substantially the entire risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term. Contingent rental payable is recognized as an expense in the period in which it is incurred.

1.5. Income taxation

Current income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Ethiopia. The Directors periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(a) Deferred tax

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realize the asset and settle the liability simultaneously."

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires the Directors to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Capital management
- Financial risk management and policies
- Sensitivity analyses disclosures "

1.1. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, my change due to market changes or circumstances beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques using inputs from unobservable sources. A degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 4.7.2 for further disclosures.

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant judgement by the Directors is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Financial risk management

1.2. Introduction

The Company's activities expose it to a variety of financial risks, including credit risk and interest rates risk. The Company's overall risk management programme focuses on the identification and management of risks and seeks to minimize potential adverse effects on its financial performance.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Company's policy is to monitor those business risks through the Company's strategic planning process.

1.1.1. Risk management structure

The Management has the ultimate responsibility for establishing and ensuring the effective functioning of the Risk and Compliance Management activities of the Company.

The company has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and risk appetite. It is also responsible for performing compliance monitoring and testing, preparing periodic risk and compliance exposure reports to management.

The Management is responsible for translating and implementing the Company's risk management strategy, priorities and policies as approved by the CEO.

Risk measurement and reporting systems

The Company's risks are measured using methods that reflect both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical model. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks is primarily performed based on limits established by the Company. These limits reflect the business strategy and market environment of the Company as well as the level of risk that the Company is willing to accept, with additional emphasis on selected regions. In addition, the Company measures and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

1.1.2. Risk mitigation

The Company uses various risk mitigating techniques to reduce its risk to the level acceptable. Risk controls and mitigates, identified and approved for the Company, are documented for existing and new processes and systems.

The adequacy of these mitigate is tested on a periodic basis through administration of control self -assessment questionnaires, using an operational risk management tool which requires risk owners to confirm the effectiveness of established controls. These are subsequently reviewed as part of the review process.

1.2. Financial risk

Financial instruments by category

The Company's financial assets are classified into the following categories: available-for-sale and loans and receivables and the financial liabilities are classified into other liabilities at amortisedcost.Financial instruments are classified in the statement of financial position in accordance with their legal form and substance.

The Company's classification of its financial assets is summarized in the table below:

	Notes		Loans and receivables	Total
	30-Jun-21	**ETB**	**ETB**	**ETB**
Cash balances with Banks	11	-	48,992,444	48,992,444
Investment securities				
– Subsidiary	13	33,190,093	6,639,000	39,829,093
		33,190,093	**55,631,444**	**88,821,537**
	30-Jun-20			
Cash and bank balances	11	-	32,184,469	32,184,469
Investment securities				
– subsidiary		33,000,093	190,000	33,190,093
– Loans and receivables	13	-	-	-
Total financial assets		**33,000,093**	**32,374,469**	**65,374,562**

1.1. Credit risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk is related party receivables, staff advance and sundry receivables.

1.1.1. Management of credit risk

The Company manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or Companies of counterparty and to geographical and industry segments. Such risks are subject to regular review. Limits on the level of credit risk by category and territory are approved executive management.

The table below shows the maximum exposure to credit risk to the Company's financial assets. The maximum exposure is show gross risk before the effect of mitigation:

	30-Jun-21	30-Jun-20
	Birr	**Birr**
Cash and balances with banks	48,992,444	32,184,469

Investment securities		
– Available for sale	39,829,093	33,190,093
– Loans and receivables	-	-
	88,821,537	65,374,562

1.1.2. Credit quality analysis

(a) Credit quality of cash and cash equivalents

The credit quality of cash and Bank balances and short-term investments that were neither past due nor impaired at as 30 June 2020,and 30 June 2019 are held in Ethiopian Banks have been classified as non-rated as there are no credit rating agencies in Ethiopia.

	30-Jun-21	30-Jun-20
Receivables- past due but not impaired	Birr	Birr
Past Due above 360 Days	-	-
Collective impairment	1,074,318	1,051,379
Receivables (net)	1,074,318	1,051,379

Loans and advances to customers that have been classified as neither past due nor impaired nor past due but not impaired are assessed on a collective basis.

	2021	2020
1. Tuition Fee	**Birr**	**Birr**
Tuition fee	102,514,203	63,968,653
Tuition fee-Self Cont.	-	11,490,627
Tuition fee –Prep school	-	15,992,725
	102,514,203	91,452,005

	2021	2020
2. Revenue Book and Stationery Sales	**Birr**	**Birr**
Revenue from Book Sales	976,990	533,384
Revenue from Book Sales-Prep school	-	90,815
Revenue from Book Sales-Reference	-	13,288
Revenue from Book Sales-Self Cont	-	28,556
	976,990	666,043

	2021	2020
3. Fee and commission income	**Birr**	**Birr**
Commission Income on registration	906,001	1,188,684
Commission Income on registration-Prep school	-	437,988
Commission Income on registration-Self Cont	-	247,253
	906,001	1,873,925

	2021	2020
4. Other operating income	**Birr**	**Birr**

Penalty Charge	477,342	376,358
Interest on deposits	1,277,721	1,182,329
Tutorial Fee	-	551,154
Badge sale	36,652	68,018
Other income	70,168	374,959
	1,861,883	2,552,818

	2021 Birr	2020 Birr
5. Cost of Book and Stationery Sales		
Cost of Book Sales	-976,990	617,621
Cost of Book Sales-Prep school	-	245,301
Cost Of Book Sales-Reference	-	262,759
Cost of Book Sales-Self Cont	-	32,195
	-976,990	1,157,876

	2021 Birr	2020 Birr
6. Personnel expenses		
Salary	44,110,865	44,114,897
Allowance	3,614,238	3,508,236
Compensation and annual leave	1,552,036	528,415
Overtime	548,571	408,920
Pension costs	4,648,060	4,576,359
Management incentive	-	74,616
Severance	650,330	7,664,524
	55,124,100	60,875,967

	2021 Birr	2020 Birr
7. Other operating expenses		
Travel and perdiem	-	58,160
School and offices building rent	3,070,609	2,525,323
Utilities	446,041	239,880
Text & Reference Books	59,670	258,428
Telephone ,internet and postage	439,897	555,819
Stationery and teaching Supplies	1,905,646	1,538,247
Cleaning and Supplies	1,073,277	310,445
Medical supplies	246,082	75,916
Uniforms	529,607	500,742
Sport Materials	19,890	670,158
Laboratory Supplies	106,585	133,548
Newspaper and periodicals	11,527	25,618
Miscellaneous	210,294	145,067

House and tent rent	6,999	37,050
Student award and graduation	20,500	250,890
Advertising and promotion	213,531	405,227
Land Tax	68,391	130,033
Donation & Contribution	202,687	233,745
Professional fees	786,776	1,248,597
Annual General meeting	30,586	150,775
Entertainment	84,636	66,570
License, tax and stamp duty	40,097	36,479
Property Insurance	227,536	219,432
Labor costs	58,765	81,758
Transport	72,410	44,606
Fuel ,Oil & Lubricants	138,473	143,687
Penalty and interest	22,941	4,618,288

Training	-	33,619
Repair and maintenance	4,770,257	1,198,691
Commision	85,714	5,701.00
Software Expense	297,654	58,174
Board of directors fee	442,875	263,475
Audit fee	92,000	92,000
Non deductible expense	269,800	-
Impairment loss	22,939	35,981
	16,074,694	16,392,129

8. Financial cost	**2021 Birr**	**2020 Birr**
Interest expense on borrowing	1,531,260	2,131,459
Interest expense on lease	88,026	115,664
Bank service charge	4,109	12,457
	1,623,395	2,259,580

9. **Depreciation and impairment of PPE**	**2021 Birr**	**2020 Birr**
Depreciation-Buildings	1,554,375	1,473,275
Depreciation-Motor vehicles	15,349	2,700
Depreciation- fittings and equipment	1,418,267	1,380,642
Depreciation-machinery & equipment	82,085	96,990
Depreciation- Computer installations	679,843	710,649
Depreciation-Reference Book	81,490	85,227
Amortization	1,288,934	1,166,615

	5,120,343	4,916,098

10. Current income tax and deferred tax

4,786,811

10.a Current income tax

	30 June 2021	30 June 2020
	Birr	Birr
Company income tax	7,726,323	6,177,719
Deferred income tax/(credit) to profit or loss	725,222	2,835,614
Total tax in statement of comprehensive income	8,451,546	9,013,333

10.b Reconciliation of effective tax to statutory tax

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2021	2020
	Birr	Birr
Profit before tax per IFRS reporting	27,339,555	10,943,140
Interest income	-1,277,721	-1,182,329
Add :-Depreciation and amortization charge- IFRS	5,120,343	4,704,885
Less :-Depreciation and amortization charge-GAAP	-6,864,481	-6,492,406
Non-deductible expenses	763,445	4,918,603

Add back:-Provision for severance payments	650,330	7,664,524
Impairment loss	22,939	35,981
Taxable Income per GAAP	25,754,411	20,592,398
Income tax provsion	7,726,323	6,177,719

Tax (income) expense

10.c Current income tax liability

	2021	2020
	Birr	Birr
Balance at the beginning of the year	6,177,719	8,401,983
Payment during the year	-6,177,719	-8,364,415
Overprovision of income tax expense	-	-37,568
Income tax expense	7,726,323	6,177,719
Less :-prepaid tax	-	-
	7,726,324	6,177,719
Balance at the end of the year	7,726,324	6,177,719

10.d Deferred income tax

The analysis of deferred tax assets/(liabilities) is as follows:	2021	2020
	Birr	Birr
To be recovered after more than 12 months	7,906,873	7,181,651
To be recovered within 12 months	-	-
	7,906,873	7,181,651

Deferred income tax assets and liabilities, deferred income tax charge/(credit) in profit or loss ("P/L), in equity and other comprehensive income are attributable to the following items:

Deferred income tax assets/(liabilities):

	At 1 July 2020	Credit/ (charge) to P/L	30 June 2021
	Birr	Birr	Birr
Property, plant and equipment	7,181,651	725,222	7,906,873
Total deferred tax assets/(liabilities)	7,181,651	725,222	7,906,873

11. Cash and bank balances

	30 June 2021	30 June 2020
	Birr	Birr
Cash at bank	48,992,444	32,184,469
	48,992,444	31,447,858

Maturity analysis	30 June 2021	30 June 2020
	Birr	Birr
Current	48,992,444	32,184,469
	48,992,444	32,184,469

Cash and cash equivalents in the statement of cash flows are the same as on the statement of financial position as Hohete had no bank overdrafts at the end of each reporting period.

12.Investment securities

	30 June 2021	30 June 2020
	Birr	Birr
13.a Available for sale		
LUCY Academy	39,539,093	33,000,093
	39,539,093	33,000,093
13.b Loans and receivables:		
Ethiopian Government bonds	290,000	190,000
Time deposit	-	-
Gross amount	290,000	190,000
	39,829,093	33,190,093

Maturity analysis	30 June 2021	30 June 2020
	Birr	Birr
Current	-	-
Non-Current	39,829,093	33,190,093
	39,829,093	33,190,093

Abay Bond is classified as loans and receivables because the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

14. Other assets	**30 June 2021**	**30 June 2020**
Financial assets	**Birr**	**Birr**
Related party receivable	500,008	6,539,008
Sundry receivable	5,129,513	4,935,194
Staff advance	1,012,582	1,046,558
Gross amount	6,642,103	12,520,760
Non-financial assets		
Stock	4,797,749	6,250,401
Prepayments	2,188,713	1,731,942
Operating Leasehold Land	20,783,484	11,331,487
Gross amount	27,769,945	19,313,830
Impairment allowance on other assets	-1,074,318	-1,051,379
Gross amount	**33,337,730**	**30,783,211**

15.a Impairment allowance on other assets

A reconciliation of the allowance for impairment losses for other assets is as follows:

	30 June 2021	**30 June 2020**
	Birr	**Birr**
Balance at the beginning of the year	1,051,379	1,015,398
(Reversal)/charge for the year (note 10)	22,939	35,981
Balance at the end of the year	1,074,318	1,051,379

16.Property, plant and equipment	**Buildings**	**Motor vehicles**	**Furniture, fittings and equipment**	**Other assets**
	Birr	**Birr**	**Birr**	**Birr**

Cost:				
As at 1 July 2020	71,173,006	1,419,767	14,861,876	683,919
Additions	1,120,000	3,103,982	1,705,779	11,640
Disposal	-	-	-	-
As at 30 June 2021	72,293,006	4,523,749	16,567,655	695,559
Accumulated depreciation				
As at 1 July 2020	9,973,814	1,351,629	9,290,942	526282
Additions	1,554,375	15,349	1,418,267	82085
As at 30 June 2021	11,528,189	1,366,978	10,709,209	608,367
Net book value				
As at 30 June 2020	61,199,192	68,138	5,570,934	157,637
As at 30 June 2021	60,764,817	3,156,771	5,858,446	87,192

17. Borrowings

	30 June 2021 Birr	30 June 2020 Birr
Borrowings-Abay Bank	7,222,997	10,344,197
	7,222,997	**10,344,197**

Maturity analysis	30 June 2021 Birr	30 June 2020 Birr
Current	3,121,200	-
Non-Current	4,101,797	10,344,197
	7,222,997	**10,344,197**

A) The Company has also obtained a loan of Birr 14,611,675.17 from Abay Bank S.C at an interest rate of 13.75%per annum repayable in monthly installment of Birr 243,643.83 starting from February 15/2015. The loan will be fully repaid on or before July 15/2023 as per an agreement signed between the Bank and the Company.

B) The Company has obtained a loan of Birr 17,903,356 from Awash International Bank S.C at interest rate of 15.5%per annum repayable in semi annual installment of Birr 1,491,946.33. The loan will be fully repaid on or before Miyazia 16/2013 as per the contract agreement signed between the Bank and Hohet Tibeb Share Company.

Hohete Tibebe S.C has complied with the financial covenants of its borrowing facilities during the reporting periods under review.

17a. Reconciliation of bank borrowings

A reconciliation of the changes in borrowings is as follows:	30 June 2021	30 June 2020
	Birr	Birr
Balance at the beginning of the year	10,344,197	15,812,557
Repayment of borrowings	-3,121,200	-5,468,360
Balance at the end of the year	**7,222,997**	**10,344,197**

18)Lease hold land	30 June 2021	30 June 2020
	Birr	Birr
Finance Lease Obligation	7,313,338	7,476,498
Additional Lease Obligation	9,785,530	-
Less:-annual repayment	-407,798	-163,160
	16,691,070	**7,313,338**

Maturity analysis	30 June 2021	30 June 2020
	Birr	Birr
Current	407,798	163,160
Non-Current	16,283,272	7,150,178
	16,691,070	**7,313,338**

18) Other liabilities

Financial liabilities	30 June 2021	30 June 2020
	Birr	Birr
Defined contribution benefit	1,231,188	624,618
Accruals	512,222	739,260
Other payables	716,024	578,773
Finance Lease Obligation	16,691,070	7,313,338
	19,150,503	9,255,989
Non-financial liabilities		
Withholding tax and VAT tax payables	156,512	1,549
Income Tax Payable	1,889,076	780,135
Other tax payable	125	125
	2,045,713	781,809
Gross amount	**21,196,216**	**10,037,798**

Maturity analysis	**30 June 2021**	**30 June 2020**
Current	19,150,503	9,255,989
Non-Current	2,045,713	781,809
	21,196,216	**10,037,798**

19. TERMINATION BENEFIT PAYABLE

The company has made a provision for severance pay to employees whose service of employment are five years and above as per Labour proclamation 1156/2019.

20. Capital contribution	**30 June 2021**	**30 June 2020**
Authorised and fully paid up	**Birr**	**Birr**
At the beginning of the year	107,805,500	86,822,000
Additional shares issued	1,911,000	3,193,000
Capital increment	8,216,000	17,790,500
Adjustment	-	-
At the end of the year	**117,932,500**	**107,805,500**

	30 June 2021	**30 June 2020**
21. Retained earnings	**Birr**	**Birr**
At the beginning of the year	11,267,250	30,634,855
Profit/ (Loss) for the year per IFRS reporting	18,888,009	1,929,807
Transfer to legal reserve	-944,400	-96,490
Prior year adjustment	-2,310,927	215,555
Overstated opening PPE balance (Motor Vehicle)	-	-3,000
Underprovision of profit tax payable	-	-177,842
Dividend paid	-1,970,342	-3,449,634
Share transfer to capital	-8,216,000	-17,786,000
At the end of the year	**16,713,590**	**11,267,250**

	30 June 2021	**30 June 2020**
22. Legal reserve	**Birr**	**Birr**
At the beginning of the year	5,344,099	5,247,609
Current year provision	944,400	96,490
At the end of the year	**6,288,499**	**5,344,099**

The commercial code of Ethiopia requires the Company to transfer annually 5% of their annual net profit to their legal reserve account until such account equal to 10% of their capital.

	30 June 2021	**30 June 2020**
23. Share premium	**Birr**	**Birr**
At the beginning of the year	1,221,724	944,315
Additional share premium	177,432	277,409

At the end of the year	**1,399,156**	**1,221,724**

24 .Earning per Share

	30 June 2021 **Birr**	**30 June 2020** **Birr**
Total comprehensive income for the year	15,562,399	1,833,316
Outstanding shares for the year	235,865	215,611
	65.98	8.50
Reconcilation of profit for the year for the tax purpose		
Total comprehensive income for the year	15,562,399	1,833,316
Add :-Depreciation and amortization charge- IFRS	5,120,343	4,704,885
Less :-Depreciation and amortization charge-GAAP	-6,536,117	-6,492,406
Add:-Provision to severance benefit and impairement loss	673,270	7,700,505
	-742,504	5,912,984
Deferred tax effect	725,222	2,835,614
	-17,282	8,748,598
Less:-Provision for legal reserve per GAAP reporting	-927,118	-533,920
Add:- Provision for legal reserve per IFRS reporting	944,400	96,490
	0	8,311,168
	15,562,399	10,144,484
Outstanding shares for the year	235,865	215,611
	65.98	47.05

25 . Contingent Liabilities

The Company does not have any claims and litigations during and at the end of the reporting period.

26. 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 company as at 30 June 2021 and on the profit for the period ended on that date,which have not been adequately provided for or disclosed.

Share premium	Attributable to owner of the Company
Birr	Birr
1,221,724	126,890,769
-	18,888,009
-	-
-	1,911,000
-	-2,310,927
-	-1,970,342
-	-
177,432	177,432
177,432	16,695,172
1,399,156	**143,585,941**

-6,039,000
194,319
-33,976
-5,878,657
0
-1,452,652
456,771
9,451,997
8,456,115
-22,939
2,554,519

Computer installations	Deferred expenditure	Reference Book	Construction in progress	Total
Birr	**Birr**	**Birr**	**Birr**	**Birr**

8,106,895	9,554,018	951,405	652,630	107,403,515
451,724	-	-	-	6,393,125
-5,920	-	-	-	-5,920
8,552,699	9,554,018	951,405	652,630	113,790,721
5,751,444	7,643,215	727,304	-	35,264,630
679,843	955,402	81,490	-	4,786,811
6,431,287	8,598,617	808,794	-	40,051,441
2,355,451	1,910,803	224,100	652,630	72,138,885
2,121,412	955,401	142,610	652,630	73,739,279

606,570
-227,038
137,251
9,377,732
9,894,514
0
154,963
1,108,941
0
1,263,904
11,158,418

0

0

5000
0.15

750