

UNECA STAFF UNION

**AUDITOR'S REPORT AND ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019**

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INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNT OF UNECA STAFF UNION

Qualified Opinion

We have audited the financial statements of UNECA Staff Union, which comprise balance sheet as at 31 December 2019, and income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the matter stated above in the basis for qualified opinion paragraph, the accompanying financial statements give true and fair view of the financial position of the Union as at 31 December 2019, of its financial performance, statement of changes in equity and statement of cash flows for the year then ended in accordance with the Generally Accepted Accounting Principles (GAAP) and the requirements of the Commercial Code of Ethiopia 1960.

Basis for Qualified Opinion

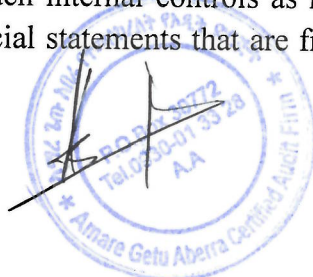
- Due to our late appointment as auditors of the Union, we did not attend the year end physical inventory count. Moreover, management has not carried out inventory count.
- We noted a balance difference of Birr 265,498 between staff loan receivable general ledger and subsidiary ledger.
- The balance shown as credit association payable of Br. 206,519.52 is long outstanding balance. We could not ascertain if the balance is to be paid.

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 ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation of the financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and the accounting policies described in the financial statements, and for such internal controls as management determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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 Company's 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 the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


Amare Getu Aberra
Certified Audit Firm

Addis Ababa
14 February 2021

**UNECA STAFF UNION
BALANCE SHEET
AS AT 31 DECEMBER 2019**

Currency: Ethiopian Birr

ASSETS	<u>Notes</u>	<u>2018</u>	
NON CURRENT ASSETS			
Property, plant and equipment	1,2	535,422	572,277
CURRENT ASSETS			
Inventories		15,349	15,349
Receivable	4	2,601,566	2,251,387
Cash and bank balance	3	<u>11,180,167</u>	<u>9,577,237</u>
		<u>13,797,083</u>	<u>11,843,973</u>
TOTAL ASSETS		<u>14,332,504</u>	<u>12,416,250</u>
EQUITY AND LIABILITIES			
FUND BALANCE		14,047,451	11,845,781
CURRENT LIABILITIES			
Creditors and accruals		<u>285,052</u>	<u>570,469</u>
		<u>285,052</u>	<u>570,469</u>
TOTAL EQUITY AND LIABILITIES		<u>14,332,504</u>	<u>12,416,250</u>



UNECA STAFF UNION
STATEMENT OF INCOME AND EXPENDITURES
FOR THE YEAR ENDED 31 DECEMBER 2019

Currency: Ethiopian Birr

	<u>Notes</u>		<u>2018</u>
INCOME	5	<u>3,678,011</u>	<u>3,028,289</u>
		<u>3,678,011</u>	<u>3,028,289</u>
EXPENDITURE			
Salaries		303,102	213,000
Mission costs		541,142	405,156
CCISUA membership fee		115,998	82,613
Refreshment		38,690	-
Donation		200,000	43,538
Consultancy fee		-	160,000
Bank charges		1,135	1,711
Advertisement		-	3,450
Staff welfare		-	7,665
Depreciation		133,855	143,168
Audit Fee		-	12,500
Printing		11,500	30,116
Children X-Mass expense		130,219	179,996
Miscellaneous		<u>700</u>	<u>21</u>
		<u>1,476,340</u>	<u>1,282,933</u>
EXCESS OF INCOME OVER EXPENDITURE		<u>2,201,671</u>	<u>1,745,356</u>
FUND BALANCE BROUGHT FORWARD		<u>11,845,781</u>	<u>10,100,425</u>
FUND BALANCE CARRIED FORWARD		<u>14,047,451</u>	<u>11,845,781</u>



UNECA STAFF UNION
STATEMET OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED 31 DECEMBER 2019

Currency: Ethiopian Birr

Balance as at 1 January 2019	11,845,781
Excess of expenditure over income	<u>2,201,671</u>
Balance as at 31 December 2019	<u>14,047,451</u>



UNECA STAFF UNION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

Currency: Ethiopian Birr

Cash flows from operating activities	
Net Profit for the year	2,201,671
Adjustment for:	
Depreciation expense	<u>133,855</u>
	2,335,526
Increase/decrease in receivable	(350,179)
Increase in creditors and accruals	<u>(285,417)</u>
Net cash inflows from operating activities	<u>1,699,930</u>
Cash flow from investing activities	
Purchase of fixed assets	<u>(97,000)</u>
Net cash used in investing activities	<u>(97,000)</u>
Cash flow from financing activities	
Term loan	-
Capital increment	-
Net cash flows from/(used in) financing activities	<u>-</u>
Net increase in cash and cash equivalents	1,602,930
Cash and cash equivalent at the beginning of the yea	<u>9,577,237</u>
Cash and cash equivalent at the end of the year	<u>11,180,167</u>



UNECA STAFF UNION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Currency: Ethiopian Birr

1. ACCOUNTING POLICIES

The principal accounting policies adopted by the Union are:-

- Income and Expenditures are recognized on the cash basis of accounting.
- Fixed assets are recorded at cost less depreciation. Depreciation is charged in as a percentage of net book value at the rate of 20%.
- Foreign remittance are covered into Ethiopia Birr at the Exchange rate prevailing on the date of receipt.
- Inventories are valued at purchase cost.

2. FIXED ASSETS

COST	Balance at		Adjustments	Balance at
	<u>1/1/2019</u>	Additions		<u>31/12/2019</u>
Gymnasium equipment	1,465,114	-	-	1,465,114
Kitchen equipment	3,600	-	-	3,600
Other assets	<u>6,267</u>	<u>97,000</u>	-	<u>103,267</u>
	<u>1,474,981</u>	<u>97,000</u>	-	<u>1,571,981</u>
DEPRECIATION				
Gymnasium equipment	893,671	114,289	-	1,007,960
Kitchen equipment	3,255	69	-	3,324
Other assets	<u>5,778</u>	<u>19,498</u>	-	<u>25,276</u>
	<u>902,704</u>	<u>133,855</u>	-	<u>1,036,559</u>
NET BOOK VALUE	<u>572,277</u>			<u>535,422</u>

3. CASH AND BANK BALANCES

Cash at Bank

	2018
	11,180,167
	<u>9,577,236</u>
	<u>11,180,167</u>
	<u>9,577,236</u>



UNECA STAFF UNION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Currency: Ethiopian Birr

4. RECEIVABLES

		<u>2018</u>
Loan receivable	2,441,777	2,181,847
Other receivable	181,375	91,126
	<u>2,623,152</u>	<u>2,272,973</u>
Provision for doubtful debts	(21,586)	(21,586)
	<u>2,601,566</u>	<u>2,251,387</u>

5. INCOME

Membership fee	1,532,795	1,571,841
Gymnasium income	607,468	576,683
Interest income	316,812	349,920
Gain on currency fluctuation	1,041,422	326,814
Grant from Headquarters	-	-
Other income	23,715	59,732
Children's X-Mass Party ticket sales	155,800	143,300
Magazine advertisement income	-	-
	<u>3,678,011</u>	<u>3,028,290</u>

