

# **GIZE** **PRIVATE LIMITED COMAPNY**

## **AUDITORS REPORT AND ACCOUNT** **FOR THE YEAR ENDED JUNE 30,2016**

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**BIRUK HAILU & Co.**  
*Chartered Certified Accountants-UK*  
*Authorized Auditors*

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
GIZE PRIVATE LIMITED COMPANY**

We have audited the accompanying financial statements of Gize Private Limited Company which comprise the Balance sheet as at June 30, 2016 and the Profit and Loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

***Management Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Basis of Opinion***

We noted that the company's for the previous year was not audited.



### *Opinion*

In our opinion, except for the possible effects of the matter described in the above paragraphs, the financial statements give a true and fair view of the financial position of Gize Private Limited Company as at June 30, 2016 and its profit and Loss for the year then ended in accordance with Generally Accepted Auditing standards.



**BIRUK HAILU & CO.**  
*Chartered Certified Accountants  
& Authorized Auditor*

November 8, 2016  
Addis Ababa



**GIZE PRIVATE LIMITED COMPANY**  
**BALANCE SHEET**  
**AS AT JUNE 30,2016**

*Currency: Ethiopian Birr*

**NOTES**

**ASSETS**

**NON CURRENT ASSET**

Property,Plant and Equipmen	2b,3	4,476,971	
Construction in Progress		3,256,466	
Leasehold land	2h,4	211,420	
Investment	2i	<u>620,000</u>	
			8,564,857

**CURRENT ASSETS**

Trade and Other Receivable	5	6,097,933	
Cash and Bank	6	545,226	
Shareholders Receivable		<u>4,811,060</u>	
			11,454,218
			<u>20,019,075</u>

**TOTAL ASSETS**

**EQUITY AND LIABILITY**

**EQUITY AND RESERVES**

Share capital		860,000	
Legal Reserve		56,068	
Profit and Loss		<u>229,316</u>	
			1,145,385

**NON CURRENT LIABILITY**

Term Loan- long term portioi	9		791,008
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**CURRENT LIABILITIES**

Trade and Other Payable	7	15,312,786	
Provision For Taxation	8	79,532	
Shareholders Contribution		641,830	
Bank Overdraft		<u>2,048,538</u>	
			18,082,685

**TOTAL LIABILITIES**

**TOTAL EQUITIES AND LIABILITIES**

18,873,693  
20,019,075



**GIZE PRIVATE LIMITED COMPANY**  
**PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED JUNE 30,2016**

*Currency: Ethiopian Birr*

	<u>NOTES</u>	
INCOME	10	10,073,508
COST OF SALES	11	<u>(3,628,351)</u>
GROSS PROFIT		6,445,157
Other Income		<u>414,687</u>
		6,859,844
<b><u>OPERATING EXPENSES</u></b>		
General and Administrative	12	<u>(6,825,585)</u>
NET PROFIT (LOSS) BEFORE TAX		34,259
LESS:- PROVISION FOR PROFIT TAX	8	<u>(79,532)</u>
NET PROFIT (LOSS) AFTER TAX		(45,273)
BALANCE BROUGHT FORWARD		307,320
LESS:- PRIOR YEAR ADJUSTEMENTS		<u>(32,731)</u>
BALANCE CARRIED FORWARD		<u><u>229,316</u></u>



**GIZE PRIVATE LIMITED COMPANY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

*Currency: Ethiopian Birr*

**1. ESTABLISHMENT**

Gize PLC was established in October 2001 registered with a capital of birr 860,000.  
The objectives of the company are;-

- To engage in the transit and logistics service
- “ in the tour and travel business
- “ import and distribute of various types of commodities
- “ rental of construction machinery and trucks

**2. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted by the Company, which are consistent with those of the previous years, are as follows:

**a) Basis of preparation**

These financial statements have been prepared in compliance with Generally Accepted accounting Principles. They are prepared under the historical cost convention.

**b) Property, plant and equipment**

Property, plant, and equipment are stated at cost less accumulated depreciation. Depreciation is charged in accordance with Income Tax Proclamation 286/2002, on the straight-line basis for buildings and on the written down value for other assets, at the following rates per annum.



	%
Buildings	5
Computer and accessories	25
Other assets	20

Assets costing less than Birr 1,000 each are expensed at the time of acquisition.



**GIZE PRIVATE LIMITED COMPANY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30,2016**

*Currency: Ethiopian Birr*

**c) Trade and other receivables**

Trade debts originated by the Company are recognized and carried at original invoice amount less allowance for any doubtful amounts. Known bad debts are written off as and when identified and provision is made against debts considered doubtful when collection of the full amount is no longer probable.

**d) Cash and cash equivalents**

Cash in hand and at banks in current and deposit accounts are carried at cost. Cash and cash equivalents are defined as cash in hand, cash at banks in current and deposit accounts and short term finance with maturity period of three months or less and readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purpose of the cash flow statements, cash and cash equivalents consists of cash in hand and at banks net of short-term finances.

**e) Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

**f) Recognition of income and expenses**

Revenue from sales of goods is recognized when the services are delivered and confirmed for its completion. Revenue is measured at the fair value of the consideration received or receivable. Expenses are recognized when incurred.

**g) Borrowing costs**

Borrowing costs are recognized as expenditure in the period in which they are incurred and charged against income.



**GIZE PRIVATE LIMITED COMPANY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30,2016**

*Currency: Ethiopian Birr*

**3 PROPERTY ,PLANT AND EQUIPMENT**

<b>COST</b>	<b>Balance at July 1,2015</b>	<b>Addition</b>	<b>Dsposal</b>	<b>Balance at June 30,2016</b>
Office furniture & Fixture	465,622	47,474	-	513,096
Motor vehicles	10,606,930	-	-	10,606,930
Generator	63,000	-	-	63,000
Plant & machinery	7,997,770	-	-	7,997,770
Other Asset	4,260	16,957	-	21,217
Computer and Accessories	325,281	29,826	-	355,107
	<u>19,462,863</u>	<u>94,257</u>	<u>-</u>	<u>19,557,120</u>
<b>DEPRECIATION</b>				
Office furniture & Fixture	313,382.74	39,943	-	353,325
Motor vehicles	6,731,767.79	775,032	-	7,506,800
Generator	45,895.10	3,421	-	49,316
Plant & machinery	6,635,321.47	272,490	-	6,907,811
Other Asset	4,260.19	3,391	-	7,652
Computer and Accessories	221,957.38	33,287	-	255,245
	<u>13,952,585</u>	<u>1,127,564</u>	<u>-</u>	<u>15,080,149</u>
<b>NET BOOK VALUE</b>	<u><b>5,510,278</b></u>			<u><b>4,476,971</b></u>

**4 LEASEHOLD LAND**

**COST**

257,515

**AMORTIZATION**

Balance Brought Forward	39,657	
Current year	<u>6,438</u>	
		<u>(46,095)</u>
		<u><b>211,420</b></u>

In september 20,2007 the company obatined leasehold land from oromia regional Government in Eastern shoa zone for 40 Years. Howevr we couldn't able to state the total lease obligation and periodic installment payemnts due to the fact that the brakedown of the lease agreeemnt with regard to the lease obligation is not provided for our review.



**GIZE PRIVATE LIMITED COMPANY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30,2016**

**5 TRADE AND OTHER RECEIVABLE**

Trade Receivable	5,132,207
Withholding tax	141,477
Tender Receivable	23,020
Federal High Court	112,197
Prepayment	427,856
VAT	80,823
Accrued Revenue	36,241
Staff Debtors	139,254
Other Receivables	4,858
	<u>6,097,933</u>

**6 CASH ON HAND AND BANK**

Cash on hand	-
Cash at bank	545,226
	<u>545,226</u>

**7 TRADE AND OTHER PAYABLES**

Trade Payables	13,197,891
Deposits Payable	2,601
Refund Payable	448,214
Accruals	165,794
Others	139,184
Staff Payable	39,772
Provident Fund	493,837
Pension Contribution	22,073
Income Tax	95,632
Debtors With credit Balance	707,788
	<u>15,312,786</u>



**GIZE PRIVATE LIMITED COMPANY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30,2016**

**8 PROVISION FOR TAXATION**

**NET PROFIT (LOSS) FOR THE YEAR**

34,259

**ADD:- DISALLOWABLE EXPENSE**

Demurrage Expense	37,848	
Add back Account	9,908	
Donation	10,000	
Entertainment	30,423	
Penalty Expense	41,341	
Interest	65,385	
Accommodation	5,430	
Commission	30,512	
		<u>230,847</u>
		265,106
TAXABLE INCOME		<u>265,106</u>
CURRENT YEAR PROFIT TAX		79,532
LESS:-Withholding Tax Paid		<u>(41,583)</u>
PROFIT TAX PAYABLE		<u>37,949.09</u>

**9 TERM LOAN**

The company has obtained a term loan of birr 2,500,000 from United bank S.C bearing interest at the rate of 12.25% P.a. The loan is repayable on monthly basis of birr 83,334.60. The loan is expected to be fully settled on or before Yekatit 19,2009 E.C.

Balance Brought Forward	1,497,124
Less:-Repayment	<u>(706,115)</u>
Loan Payable	791,008
Less :-Current Maturity	<u>-</u>
	<u><u>791,008</u></u>


**10 INCOME**

Machinery Rental	1,199,980
Transport Income	7,745,069
Transit Fee	1,120,064
Endorsement Fee	8,396
	<u><u>10,073,508</u></u>



**GIZE PRIVATE LIMITED COMPANY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30,2016**

**11 COST OF SALES**



Transport	291,633
Repair & Maintenance	523,389
Tyre	389,521
Fuel & Lubricant	1,610,523
Travel & Peridium	475,577
Loading Unloading	57,668
Parking & Guarging	2,350
Permit & Clearing	99,434
Machinery rent	177,126
Lowbed	1,130
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	<b><u>3,628,351</u></b>



**GIZE PRIVATE LIMITED COMPANY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30,2016**

**12 GENERAL AND ADMINSTRATIVE**

Salaries & Benefits	2,438,986
Communication	361,283
Utilities	9,481
Repair & Maintenance	521,809
Fuel & Lubricants	246,311
Travel & Related	56,486
Advertisement & Promotion	38,571
Dues & Subscription fee	18,528
Insurance	167,626
Consultancy Fee	70,306
Office Rent	524,521
Associaton Fees	130
Cleaning & Sanitation	2,641
Printing & Stationery	93,950
Legal Fees	46,266
License & Subscription fee	34,096
Vehicle Inspection	34,376
Bank Charges	158,923
Ineterest	440,955
Miscellaneous	58,076
Commission	116,512
Tender	1,350
Accomodation	5,430
Transportation	81,551
Parking & Guarding	12,663
Demurrage Expense	37,848
Add back Account	9,908
Donation	10,000
Entertainment	30,423
Penalty Expense	41,341
Deprciation Exp.	1,127,564
Tyre Expense	4,670
Audit fee	16,567
Amortization	6,438
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	<b>6,825,585</b>