

NEGAT INSURANCE BROKER SHARE COMPANY

FINANCIAL STATEMENTS AND AUDIT REPORT 07 JULY 2024

ታፌሥ ሺሴማ እና አያሌው የአዲት አገልግሎት
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የተመሰከረላቸው ሂሳብ አዋቂዎች (ዩኤ)
የተፈቀደላቸው አዲተሮች (ኢትዮጵያ)
ስ.ቁ. 0116180638/ 0118961751/52
ፋክስ 011 6621260/70
ፓ.ሳ.ቁ. 110690
አዲስ አበባ ኢትዮጵያ

Tafesse, Shisema and Ayalew
Certified Audit Partnership
Chartered Certified Accountant (UK)
Authorized Auditors (Ethiopia)
Tel. 0118961752 Fax 011 662 1260/70
Mob. 0911229425/0930034356/57
P.O. Box – 110690 e-mail tmsplus@ethionet.et
Addis Ababa-Ethiopia

**INDEPENDENT AUDITORS' REPORT ON THE ACCOUNTS OF
NIGAT INSURANCE BROKER SHARE COMPANY*****Qualified Opinion***

We have audited the financial statements of Nigat Insurance Broker Share Company set out on pages 3 to 10, which comprise balance sheet at 07 July 2024, the statement of profit and loss, the statement of cash flow, the statement of change in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies specified on page 7.

In our opinion except for the effect of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 07 July 2024, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles,

Basis for Qualified Opinion

1. Bank reconciliation has not been performed for the cash at bank balances.
2. We have noted difference on cash balance between the ledger and bank statement of Birr 2,297,430.93.

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 Ethiopian Code of Ethics for Professional Accountants, and we have fulfilled our other ethical 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 qualified opinion.

Responsibilities of Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Generally Accepted Accounting Principles, and for such internal control as directors determines 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, the 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 intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so. The Directors are responsible for overseeing the company's financial reporting process



NIGAT INSURANCE BROKER SHARE COMPANY
BALANCE SHEET
AS AT 7 JULY 2024

Currency: Ethiopian Birr

	<u>Notes</u>		<u>2023</u>
NON CURRENT ASSETS			
Fixed assets	1a, 2	1,812,217.29	2,246,805
CURRENT ASSETS			
Debtors and prepayments	3	472,431.81	127,013
Shareholder's account		-	-
Cash at bank	4	4,712,083.72	2,575,124
		<u>5,184,515.53</u>	<u>2,702,137</u>
CURRENT LIABILITIES			
Creditors and accruals	5	2,023,005.03	347,509
Profit tax payable	6	349,739.71	267,371
		<u>2,372,744.74</u>	<u>614,880</u>
NET CURRENT ASSETS			
		2,811,770.79	2,087,257
		<u>4,623,988.09</u>	<u>4,334,062</u>
FINANCED BY:			
Capital		3,222,000.00	3,222,000
Legal reserve	8	366,402.25	311,898
Profit and loss account	7	1,035,585.84	800,164
		<u>4,623,988.09</u>	<u>4,334,062</u>



NIGAT INSURANCE BROKER SHARE COMPANY
PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 07 JULY 2024

Currency: Ethiopian Birr

REVENUE	Note	2024	2023
Commission income	1b	4,927,194.75	4,130,874
Interest income		73,120.87	53,287
		<u>5,000,315.62</u>	<u>4,184,161</u>
GENERAL AND ADMINISTRATIVE EXPENSE			
			2023
Salary and related		1,613,640.00	1,521,532
Transportation Allowance		28,920.00	27,100
Representation Allowance		154,104.00	145,597
Provident Fund		111,024.00	98,272
Pension Contribution		7,986.00	7,205
Wages		4,800.00	4,800
Office Rent		78,517.48	62,609
Membership and Subscription		-	49,530
Fuel		315,720.53	267,165
Compensation		61,434.89	-
Stationery		6,719.15	5,557
Audit fee		20,400.00	-
Insurance Expense		115,740.67	86,809
Repair and maintenance		206,899.77	188,139
Bank Service Charge		2,260.00	3,240
Board member fee		171,000.00	108,000
Utility		6,201.02	6,480
Depreciation		434,587.69	337,009
Interest expense		3,522.51	2,530
Penalty		300.00	13,362
Miscellaneous		45,559.54	56,486
Licensing and Regulation		10,000.00	-
Business Acquisition		52,440.76	8,940
		<u>3,451,778.01</u>	<u>3,000,362</u>
Profit before tax		1,548,537.61	1,183,799
Profit tax	6	458,447.25	345,844
Net profit after tax		1,090,090.36	837,955
Legal reserve		54,504.52	41,898
		<u>1,035,585.84</u>	<u>796,057</u>



NIGAT INSURANCE BROKER SHARE COMPANY
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 07 JULY 2024

Cash flow from operating activities

		<u>2023</u>
Net Profit before tax	1,548,537.61	1,183,799
Adjustment for non-cash items	-	-
Depreciation	434,587.69	337,009
Opening Balance Depreciation	-	4,109
	-	-
Operating profit before working capital changes	<u>1,983,125.30</u>	<u>1,524,918</u>
Changes in working capital		
Increase(decrease) in debtors	(345,419.17)	(48,048)
Decrease in shareholders payable	-	-
Withholding tax receivable	-	-
Increase(decrease) in creditors and accruals	1,675,495.79	(118,516)
Profit Tax Paid	(267,370.70)	(771,755)
Withholding tax paid	(108,707.54)	(78,473)
Net cash from operating activities	<u>2,937,123.68</u>	<u>508,125</u>
		-
<u>Cash flow from investing activities</u>		
Fixed asset Purchase	-	(1,984,294)
Fixed asset dispose	-	-
Net cash from investing activities	<u>-</u>	<u>(1,984,294)</u>
<u>Cash flow from financing activities</u>		
Dividend paid	(800,164.33)	(2,079,398)
Capital increment in cash	-	1,872,000
Net cash flow from financing activities	<u>(800,164.33)</u>	<u>(2,191,692)</u>
Net increase in cash and cash equivalents	2,136,959.34	(1,683,569)
Cash and cash equivalent at the beginning of the year	2,575,124.38	4,258,693
Cash and cash equivalent at the end of the year	<u>4,712,083.72</u>	<u>2,575,124</u>
<u>Components of cash and cash equivalents</u>		
Cash on hand and at bank	<u>4,712,083.72</u>	<u>2,575,124</u>



NIGAT INSURANCE BROKER SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 07 JULY 2024

1. ACCOUNTING POLICIES

The principal accounting policies adopted by the company are stated below:-

a) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated using the straight line method for fixed assets acquired after 7 July 2016 in accordance with the new income tax regulation and pooling method is used for the balance of the pool in accordance with the repealed proclamation.

	Pooling	Straight line
Computer and Accessories	25%	20%
All other fixed assets	20%	15%

b) Income and expense recognition

Income and expenses are recognized on accrual basis, i.e., when revenue is earned and expense incurred.

2. FIXED ASSETS (CONSOLIDATED)

COST	Balance	Additions	Disposal	Balance
	07.07.23			07.07.24
Office equipment	55,470.15			55,470.15
Computer and accessories	45,130.44			45,130.44
Motor vehicles	3,384,538.64	-		3,384,538.64
	3,485,139.23	-		3,485,139.23
DEPRECIATION				
Office equipment	48,622.61	1,369.50		49,992.11
Computer and accessories	44,169.07	240.34		44,409.41
Motor vehicles	1,145,542.57	432,977.85		1,578,520.42
	1,238,334.25	434,587.69		1,672,921.94
NET BOOK VALUE	<u>2,246,804.98</u>			<u>1,812,217.29</u>



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.

Reports on Other Legal and Regulatory Requirements

We have no comment to make on the report of your Directors so far as it related to these financial statements In accordance with the commercials code of Ethiopia of 2021(proclamation) No 1243/2021 recommend approval of the financial statement

Tafesse, Shisema & Ayalew

Tafesse, Shisema and Ayalew Certified Audit Partnership
Chartered Certified Accountants (UK)
Authorized Auditors (ETII)



Addis Ababa
8 November 2024

NIGAT INSURANCE BROKER SHARE COMPANY
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 07 JULY 2024

	Paid up Capital	Legal Reserve	Retained Earning	Total
Balance at 07 July 2023	3,222,000.00	311,897.73	800,164.33	4,334,062.06
Additional Shares issued	-	-	-	-
Dividend declared	-	-	(800,164.33)	(800,164.33)
Transfer to legal reserve	-	54,504.52	-	54,504.52
Net profit for the year	-	-	1,035,585.84	1,035,585.84
Prior year adjustment	-	-	-	-
Balance at 07 July 2024	3,222,000.00	366,402.25	1,035,585.84	4,623,988.09

