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**AUDITORS' REPORT ON THE FINANCIAL STATEMENTS  
OF**

**DEVELOPMENT BANK OF ETHIOPIA WOMEN  
ENTREPRENEURSHIP DEVELOPMENT PROJECT GRANT NUMBER  
P122764, IDA 51120 (F.ROT/AID 15/010/00)**

**AS AT AND FOR THE YEAR ENDED 30 JUNE 2018**

**TAY & Co.**

**Chartered Certified Accountants & Authorized Auditors**

**Addis Ababa, Ethiopia**

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TAY**TAY & Co.***Chartered Certified Accountants & Authorized Auditors*  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF  
DEVELOPMENT BANK OF ETHIOPIA WOMEN ENTREPRENEURSHIP  
DEVELOPMENT PROJECT GRANT NUMBER P122764, IDA 51120 (F.ROT/AID  
15/010/00)**

**Opinion**

We have audited the accompanying financial statements of Development Bank of Ethiopia Women Entrepreneurship Development Project Grant No. P122764, IDA 51120 (F.ROT/AID 15/010/00), which comprise the statement of financial position as at 30 June 2018, the statement of sources, the statement of income and expenditures and uses of fund, and a summary of significant accounting policies and other explanatory notes for the year then ended. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Development Bank of Ethiopia Women Entrepreneurship Development Project Grant No P122764, IDA 51120 (F.ROT/AID 15/010/00), as at 30 June 2018, its financial performance and operating result for the year then ended in accordance with Generally Accepted Accounting Principle.

In addition, with respect to the statement of income and expenditure ended 30 June 2018, in our opinion:-

- The statements, together with the procedures and initial control involved in their preparation, can be relied up on to support the relevant withdrawals,
- Adequate supporting documentation has been maintained to support claims to Grant No. P122764, IDA 51120 (F.ROT/AID 15/010/00) for reimbursements of expenditures incurred; and
- Expenditures are eligible for financing under Grant No. P122764, IDA 51120 (F.ROT/AID 15/010/00).

**Basis for Opinion**

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



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### ***Responsibilities of the Management and those Charged with Governance for the Financial Statements***

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies of the company/ IFRS, and for such internal control as management determines is necessary to enable the preparation of a project report that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the project report as a whole is 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 Group'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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statement of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is yeheyis Bekele BA,FCCA

  
TAY & Co.  
Chartered Certified Accountants &  
Authorized Auditors



Addis Ababa,  
December 12, 2018

**DEVELOPMENT BANK OF ETHIOPIA**  
**WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT**  
**GRANT NUMBER P122764,IDA 51120 (F.ROT/AID 15/010/00)**  
**BALANCE SHEET**  
**AS AT 30 JUNE 2018**

**CURRENCY: ETHIOPIAN BIRR**

	<u>Notes</u>	<u>2018</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	4,annex 2.2	215,516,446.00
Cash at Bank	5	<u>111,448,706.98</u>
<b>Total assets</b>		<b>326,965,152.98</b>
 <b>LIABILITIES</b>		
<b>Current liabilities</b>		
Creditors	6	<u>328,140,538.93</u>
<b>Net current asset</b>		<u><u>(1,175,385.95)</u></u>
 <b>Represented by</b>		
Fund Deficit Balance	3d, 7	<u><u>(1,175,385.95)</u></u>





**DEVELOPMENT BANK OF ETHIOPIA**  
**WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT**  
**GRANT NUMBER P122764, IDA 51120 (F.ROT/AID 15/010/00)**  
**INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**CURRENCY: ETHIOPIAN BIRR**

	<b><u>Notes</u></b>	<b><u>2018</u></b>
<b>INCOME</b>	<b>3c</b>	
Income		-
		-
<b>EXPENDITURE</b>	<b>3c</b>	
Loss on Exchange Rate		720,385.95
Bank Service Charge		455,000.00
		<u>1,175,385.95</u>
<b>EXCESS OF EXPENDITURE OVER INCOME</b>		<u><u>(1,175,385.95)</u></u>



**DEVELOPMENT BANK OF ETHIOPIA**

**WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT**

**GRANT NUMBER P122764, IDA 51120 (F.ROT/AID 15/010/00)**

**NOTES TO THE ACCOUNT**

**FOR THE YEAR ENDED 30 JUNE 2018**

**CURRENCY:  
ETHIOPIAN BIRR**

**1. Background of the project**

Financing agreement was signed between Ministry of Finance and Economic Cooperation of the Federal Democratic Republic of Ethiopia (MoFEC) and Cassa depositi e prestiti (S.P.A.) on August 4, 2016 and on August 9, 2016 respectively, according to which a soft loan up to a maximum amount of EURO 15,000,000.00 (fifty million) is available in the form of credit to implement the activities of the Women Entrepreneurship Development project, under credit agreement No P122764, IDA 51120 (F.ROT/AID 15/010/00). The project is implemented through subsidiary loan agreement between Ministry of Finance and Economic Cooperation of the Federal Democratic Republic of Ethiopia (MoFEC) and the Development Bank of Ethiopia (DBE), to act as implementing agency, for establishment and operation of a credit facility providing access to finance for working capital for qualifying growth-oriented micro and small enterprises owned or partly owned by female entrepreneurs. The objective of the project is to increase the earning and employment of Micro and small enterprises (MSEs) fully or partially owned by female entrepreneurs in the targeted cities.

**2. Scope of the audit**

The audit of the project is carried out in accordance with International Standard on Auditing (ISA) promulgated by the International Federation of Accountants (IFAC) including such test and procedures as deemed necessary under circumstances.

We also Visited, on the sample basis, the selected micro finance institutions (MFIs) participated in the project and ensure the following adhered to. We have given a Special attention that :

- 1) The World Bank financing has been used in accordance with conditions of relevant Financing agreements with due attention to economy and efficiency and only for the purpose for which the financing was provided.
- 2) The Counterpart fund have been provided and used in accordance with relevant financing agreements, with due attention to economy and efficiency and only for the purpose for which



- 3) Goods, works and services financed have been procured in accordance with the relevant financing agreements including specific provisions of World Bank procurement policies and procedures.
- 4) All necessary supporting documents, records and accounts have been maintained in respect of the projects activity including expenditures reported using statements of expenditure (SOE) method of reporting.
- 5) Designated accounts have been maintained in accordance with the provision of relevant financing agreements and funds disbursed out of the accounts were used only for the purpose intended in the financing Agreements.
- 6) National laws and regulations have been compiled with, and that the financial and accounting procedures approved for the project were adhered.
- 7) Financial performance of the project is satisfactory.
- 8) Assets procured from the projects funds exist and there is verifiable ownership by the implementing agencies or beneficiaries in line with the financing agreement.
- 9) Ineligible expenditures included in withdrawal applications are identified and reimbursed to the designated accounts.

### **3. Accounting policies**

The principal accounting policies adopted by the project are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### **a. Basis of presentation**

These financial statements have been prepared in compliance with Generally Accepted Accounting Principle

#### **b. Currency**

Foreign currency is converted to Birr at the exchange rate ruling at the date of the transaction. Cash balances maintained in the foreign currency is converted to Birr at the mid exchange rate ruling at the balance sheet date.

#### **c. Basis of accounting**

Modified cash basis of accounting is used in the recognition of sources and uses of fund.

#### **d. fund balance**

It incorporates gain/loss on exchange rate difference and Bank service charge of Development bank of Ethiopia obtained from disbursement of loan to micro finance institutions.





**DEVELOPMENT BANK OF ETHIOPIA**  
**WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT**  
**GRANT NUMBER P122764,IDA 51120 (F.ROT/AID 15/010/00)**  
**NOTES TO THE ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**4. Receivables**

**CURRENCY: ETHIOPIAN BIRR**

**2018**

Loan to micro finance institution	215,516,446.00
	<u>215,516,446.00</u>

**5 Cash at Bank**

**2018**

NBE-0100381040072	9,724,718.92
NBE-0101171300040	101,723,988.06
	<u>111,448,706.98</u>

**6 Creditors**

Loan from Cassa depositi e prestiti (S.P.A.)	328,140,538.93
	<u>328,140,538.93</u>

**7 Fund balance**

**2018**

Opening balance	-
Current year operational result	(1,175,385.95)
	<u>(1,175,385.95)</u>



**DEVELOPMENT BANK OF ETHIOPIA**  
**WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT**  
**GRANT NUMBER P122764,IDA 51120 (F.ROT/AID 15/010/00)**  
**STATEMENT OF SOURCE AND USE FOR THE PROJECT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**CURRENCY: ETHIOPIAN BIRR**

**Annex 1**

<b>Source</b>	<b>Note</b>	<b><u>2018</u></b>
Source of fund IDA	<b>Annex 2.1</b>	328,140,538.93
Financial Charge		(455,000.00)
Loss on exchange rate		(720,385.95)
		<b>326,965,152.98</b>
<b>Uses</b>		
Uses of fund by MFI's	<b>Annex 2.3</b>	<b>152,255,197.00</b>
<b>Excess of source over uses</b>		<b>174,709,955.98</b>
<b>Represented by</b>		
Cash at bank		111,448,706.98
Outstanding balance on MFI's	<b>Annex 2.4</b>	63,261,249.00
		<b>174,709,955.98</b>



**DEVELOPMENT BANK OF ETHIOPIA**  
**WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT**  
**GRANT NUMBER P122764,IDA 51120 (F.ROT/AID 15/010/00)**  
**STATEMENT OF SOURCE AND USE FOR THE PROJECT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**Annex 2**

**2.1. Source of fund Cassa depositi e prestiti (S.P.A.)**

**CURRENCY: ETHIOPIAN BIRR**

<b>Description</b>	<b>Date</b>	<b><u>Withdrawal application/ reference</u></b>	<b><u>EURO</u></b>	<b><u>Rate</u></b>	<b><u>Birr</u></b>
<b>Balance as of 01 July 2017</b>					-
1 <sup>st</sup> disbursement	01-08-18	-	9,999,925.00	32.8143	328,140,538.93
					<b><u>328,140,538.93</u></b>

**2.2. Loan given to MFI's by DBE**

	<b><u>Date</u></b>	<b><u>Reference</u></b>	<b><u>Birr</u></b>
<b>Balance as of 01 July 2017</b>			-
Addis credit & saving institution	26/01/2018	VP/SMEF/011/2018	75,452,921.00
Amhara Cr. & Saving Inst	03-01-18	VP/SMEF/340/2018	62,822,414.00
Meklit Micro Finance Inst.	26/03/2018	VP/SMEF/051/2018	1,119,288.00
Oromia credit & Saving S.C	26/01/2018	VP/SMEF/012/2018	31,761,370.00
Meklit Micro Finance Inst.	22/05/2018	VP/SMEF/133/2018	1,119,288.00
WASASA Micro Finance Inst.	07-01-18	VP/SMEF/175/2018	11,479,796.00
Oromia credit & Saving S.C	22/05/2018	VP/SMEF/106/2018	31,761,369.00
			<b><u>215,516,446.00</u></b>





**DEVELOPMENT BANK OF ETHIOPIA**  
**WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT**  
**GRANT NUMBER P122764,IDA 51120 (F.ROT/AID 15/010/00)**  
**STATEMENT OF SOURCE AND USE FOR THE PROJECT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**Annex 3**

**2.3. MFI's Disbursement to Final Beneficiaries up to June 30 2018**

	<u>Date</u>	<u>Amount in Birr</u>
Balance as of 01 July 2017		-
Loan provided to MSEs by <b>WASASA</b>	30/6/2018	-
Loan provided to MSEs by <b>SF&amp;PI</b>	30/6/2018	-
Loan provided to MSEs by <b>ADCSI</b>	30/6/2018	75,452,921.00
Loan provided to MSEs by <b>OCSSCO</b>	30/6/2018	32,288,800.00
Loan provided to MSEs by <b>ACSI</b>	30/6/2018	42,274,900.00
Loan provided to MSEs by <b>Harbu</b>	30/6/2018	-
Loan provided to MSEs by <b>OMO</b>	30/6/2018	-
Loan provided to MSEs by <b>DECSI</b>	30/6/2018	-
Loan provided to MSEs by <b>AGAR</b>	30/6/2018	-
Loan provided to MSEs by <b>METEMAMEN</b>	30/6/2018	-
Loan provided to MSEs by <b>MEKLIT</b>	30/6/2018	2,238,576.00
Loan provided to MSEs by <b>VISION</b>	30/6/2018	-
		<u>152,255,197.00</u>

**2.4. Outstanding advance on MFI's**

	<u>loan given to MFI</u>	<u>MFI's disbursement to final beneficiary</u>	<u>Remaining balance as of June 30,2018</u>
WASASA Micro Finance Inst.	11,479,796.00	-	11,479,796.00
Specialized Financial & Prom. Inst.	-	-	-
Amhara Cr. & Saving Inst	62,822,414.00	42,274,900.00	20,547,514.00
Oromia credit & Saving S.C	63,522,739.00	32,288,800.00	31,233,939.00
HARBU Micro Finance Inst.	-	-	-
OMO Micro Finance Inst.	-	-	-
DEDEBIT Cr. & Saving Inst. S.C	-	-	-
AGAR Micro Finance Inst.	-	-	-
METEMAMEN Micro Finance Inst.	-	-	-
MEKLIT Micro Finance Inst.	2,238,576.00	2,238,576.00	-
VISION Fund	-	-	-
Addis credit & saving institution	75,452,921.00	75,452,921.00	-
	<u>215,516,446.00</u>	<u>152,255,197.00</u>	<u>63,261,249.00</u>



**DEVELOPMENT BANK OF ETHIOPIA**  
**WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT**  
**GRANT NUMBER P122764,IDA 51120 (F.ROT/AID 15/010/00)**  
**STATEMENT OF DESIGNATED ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

Account number:	101171300040
Depository Bank	National Bank of Ethiopia
Address:	Addis Ababa, Ethiopia
Related Grant :	F.ROT/AID 15/010/00
Currency	EURO

**2018**

Beginning balance	-
Add: Transfer from fund	9,999,925.00
	<u>9,999,925.00</u>
Less: Loan given to Micro Finances during the year	6,793,582.85
Bank service charge	16,292.38
	<u>6,809,875.23</u>
Ending Balance of Trust Fund	<u><u>3,190,049.77</u></u>

