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**AUDIT SERVICES
CORPORATION**

INDUSTRIAL PARKS DEVELOPMENT CORPORATION

COMPETITIVENESS AND JOB CREATION PROJECT

IDA CREDIT NO. 5451-ET AND 6263-ET

INDEPENDENT AUDITOR'S REPORT

AND

FINANCIAL STATEMENTS

7 JULY 2022



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**The Federal Democratic Republic of Ethiopia
Audit Services Corporation**

**INDEPENDENT AUDITOR'S REPORT TO THE
INDUSTRIAL PARKS DEVELOPMENT CORPORATION**

We have audited the financial statements of Industrial Parks Development Corporation, Competitiveness and Job Creation Project financed by the International Development Association (IDA) Credit No. 5451-ET and 6263-ET, which comprises the balance sheet as at 7 July 2022 and the statement of sources and uses of funds and designated account statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Project management's Responsibility for the Financial Statements

The Project Management of the Industrial Parks Development Corporation is responsible for the preparation of financial statements that give a true and fair view in accordance with the modified cash basis of accounting described in note 2 to the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, 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 evidence 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.

ASC

INDUSTRIAL PARKS DEVELOPMENT CORPORATION (Continued)

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Industrial Parks Development Corporation, Competitiveness and Job creation Project financed under IDA Credit No. 5451-ET and 6263-ET as at 7 July 2022 and of its sources and uses of funds for the year then ended in accordance with the modified cash basis of accounting.

Report on Other Requirements

In our opinion,

- ❖ during the year all the external funds have been used in accordance with the conditions of the relevant financing agreement and only for the purposes for which the financing was provided;
- ❖ goods, works and services financed have been provided in accordance with the relevant financing agreement and disbursement letters;
- ❖ all necessary supporting documents, records and accounts have been maintained in respect of all Project activities;
- ❖ the Designated Account has been maintained in accordance with the provisions of the financing agreement and funds disbursed out of the Account were used only for the purposes intended in the financing agreements;
- ❖ the funds disbursed covered expenditures that are eligible for financing under IDA Credit No. 5451-ET and 6263-ET;
- ❖ there was a clear linkage between the books of account and the financial statements;
- ❖ Assets are procured from project funds and there is verifiable ownership by the implementing agency and beneficiaries.

**INDEPENDENT AUDITOR'S REPORT ON THE
INDUSTRIAL PARKS DEVELOPMENT CORPORATION (Continued)**

With respect to the statement of expenditure submitted during the year ended 7 July 2022 and shown on page 9, in our opinion,

- a) the statement, together with the procedures and internal controls involved in its preparation, can be relied upon to support the relevant withdrawals;
- b) adequate supporting documentation has been maintained to support claims to IDA for reimbursements of expenditures incurred; and
- c) which expenditures are eligible for financing under IDA Credit No. 5451-ET an AF 6263-ET.

Audit Service Corporation

04 January 2023

INDUSTRIAL PARKS DEVELOPMENT CORPORATION
 COMPETITIVENESS AND JOB CREATION PROJECT
 IDA CREDIT NO. 5451-ET and 6263-ET
 BALANCE SHEET
 AS AT 7 JULY 2022

	Notes	Birr	2021 Birr
ASSETS			
CURRENT ASSETS			
Debtors	3	230,576,982	256,643,745
Cash and bank balances	4	<u>352,156,785</u>	<u>454,305,294</u>
		582,733,767	710,949,039
CURRENT LIABILITIES			
Payable to consultant		11,434	1,554,386
Taxes payable		9,121,365	6,369,912
Accruals		11,110,452	2,112,689
Retention		250,138,632	302,941,953
Sundry Payable		<u>270,068</u>	<u>360,301</u>
		270,651,951	313,339,241
NET ASSETS		312,081,816	397,609,798
REPRESENTED BY			
FUND BALANCE	5	<u>312,081,816</u>	<u>397,609,798</u>

INDRSTRIAL PARKS DEVELOPMENT CORPORATION
 COMPETITIVENESS AND JOB CREATION PROJECT
 IDA CREDIT NO. 5451-ET and 6263-ET
 STATEMENT OF SOURCES AND USES OF FUNDS
 FOR THE YEAR ENDED 7 JULY 2022

Notes	Birr	Cumulative 7 November 2013 to 7 July 2022 Birr	Year ended 7 July 2021 Birr
SOURCES			
IDA Credit			
-Initial deposit	-	199,850,358	-
-SOE procedure	-	3,051,849,306	648,604,069
-Direct payment	140,097,081	5,554,040,826	392,338,710
Government contribution	<u>27,179,400</u>	<u>1,127,756,479</u>	<u>44,233,441</u>
	<u>167,276,481</u>	<u>9,933,496,969</u>	1,085,176,220
OTHER INCOME			
Gain on foreign exchange	69,625,343	233,748,708	58,411,866
Other income	<u>126,199</u>	<u>129,528</u>	<u>140</u>
	<u>69,751,542</u>	<u>233,878,237</u>	<u>58,412,006</u>
TOTAL	237,028,023	10,167,375,206	1,143,588,226
USES			
Payments for Goods and Services	320,797,522	10,081,008,090	614,004,948
Loss on Fluctuation of Exchange rate	<u>1,758,484</u>	<u>30,465,210</u>	415,952
TOTAL USES	322,556,006	10,111,473,300	614,420,900
EXCESS OF USES OVER SOURCE	<u>(85,527,982)</u>	<u>55,901,906</u>	<u>529,167,326</u>

**INDUSTRIAL PARKS DEVELOPMENT CORPORATION
COMPETITIVENESS AND JOB CREATION PROJECT
IDA CREDIT NO. 5451- ET and 6263-ET
DESIGNATED ACCOUNT STATEMENT**

For year ended	7 July 2022
Account number	0100401300006 and 0101911300002
Depository bank	National Bank of Ethiopia
Address	Addis Ababa, Ethiopia
Related Credit	IDA Credit No. 5451- ET and 6263-ET
Currency	USD

	USD	Rate	Equivalent In Ethiopian Birr	2021 USD
Beginning balance 7 July 2021	9,632,401		422,221,577	743,337
Add:- World Bank replenishments	--		--	16,749,887
Refined of foreign currency from travel and others	<u>17,218</u> 9,649,679		<u>888,944</u> 423,110,521	---- 17,493,224
Deduct: -Transferred to Birr account	<u>500,000</u> 9,149,679		<u>25,794,750</u> 397,315,771	<u>2,000,000</u> 15,493,224
Deduct: Payments for Goods and Services	<u>2,459,092</u>		<u>118,822,265</u>	<u>5,860,764</u>
Gain on exchange rate			<u>69,615,738</u>	
Ending balance 7 July 2022	<u>6,690,587</u>	<u>52.0297</u>	<u>348,109,244</u>	<u>9,632,460</u>

**INDUSTRIAL PARKS DEVELOPMENT CORPORATION
 COMPETITIVENESS AND JOB CREATION PROJECT
 IDA CREDIT No. 5451- ET and 6263-ET
 NOTES TO THE FINANCIAL STATEMENTS
 AS AT 7 JULY 2022**

1. PROJECT INFORMATION

The objective of the project is to contribute to job creation by attracting investments and improving competitiveness of enterprises in the Targeted Industrial Parks and their linked domestic enterprises. The financing agreements, IDA Credit No. 5451-ET and 6263-ET have been made between the Federal Democratic Republic of Ethiopia and The International Development Association (the World Bank) on 20 May 2014 as amended and restated on 21 May 2015. The loan would be for forty (40) years with a ten (10) years grace period for a total amount of SDR 161,600,000.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These financial statements have been prepared on a modified cash basis whereby non-monetary assets are expensed when acquired and monetary assets and liabilities are carried at fair value.

b) Currency

These financial statements are presented in Birr. Transactions in foreign currency are translated into Birr at the approximate rate of exchange prevailing at the date of the transaction. Cash balances denominated in foreign currencies are translated into Birr at the exchange rates ruling at the balance sheet date.

3. DEBTORS

	Birr	2021 Birr
Advance to purchaser	540,103	256,165,684
Receivable from contractor	228,616,056	18,000
Staff	1,307,265	196,546
ERCA	69,943	262,425
Sundry receivable	<u>43,615</u>	<u>1,090</u>
	<u>230,576,982</u>	<u>256,643,745</u>

INDUSTRIAL PARKS DEVELOPMENT CORPORATION
 COMPETITIVENESS AND JOB CREATION PROJECT
 IDA CREDIT No. 5451- ET and 6263-ET
 NOTES TO THE FINANCIAL STATEMENTS
 AS AT 7 JULY 2022

4. CASH AND BANK BALANCES

	Birr	2021 Birr
National Bank of Ethiopia, USD designated account 0101911300002	348,109,244	422,221,577
Commercial Bank of Ethiopia, Birr Account 1000072828848	4,047,541	32,082,922
Cash on hand	-	795
	<u>352,156,785</u>	<u>454,305,294</u>

5. ACCUMULATED FUND

	Ethiopian Birr
Balance at 7 July 2021	397,609,798
Deficit of source over uses of the current year	(85,527,982)
Balance at 7 July 2022	<u>312,081,816</u>

6. DATE OF AUTHORIZATION

The Chief Executive Officer of Industrial Parks Development Corporation authorized the issue of these financial statements on 04 January 2023.

INDUSTRIAL PARKS DEVELOPMENT CORPORATION
 COMPETITIVENESS AND JOB CREATION PROJECT
 IDA CREDIT No. 5451- ET AND 6263-ET
 SOE WITHDRAWAL SCHEDULE FOR
 STATEMENTS OF EXPENDITURE
 SUBMITTED DURING THE YEAR ENDED 7 JULY 2022

Application No.	Beneficiary	Goods	Works	Consultancy Service	Training & Workshops	Operating Costs	Total	Ethiopian Birr
		USD	USD	USD	USD	USD	USD	Birr
CJC-AF-35-2021	Direct Payment to CTCE		3,925,206.58				3,925,206.58	87,718,946.46
CJC-AF-34-2021	Direct Payment to CGCOC		2,345,860.33				2,345,860.33	52,378,134.58
			6,271,066.91				6,271,066.91	140,097,081.04