

GHION HOTELS ENTERPRISE
AUDITORS' REPORT AND ACCOUNTS

JUNE 30, 2024 -

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Getachew Wakjira

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GHION HOTELS ENTERPRISE
REPORTS AND ANNUAL FINANCIAL STATEMENTS
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FOR THE YEAR ENDED JUNE 30,2024

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**GHION HOTELS ENTERPRISE
ANNUAL FINANCIAL STATEMENTS
MANAGEMENT, PROFESSIONAL ADVISORS AND REGISTERED OFFICE
FOR THE YEAR ENDED JUNE 30,2024**

Enterprise Tax Identification number(TIN) : 0000030989

Executive management (*as of 30 June 2024*)

Name

Position

Ato Abebe Uregessa
Wro Adanech Ganamo
Ato Tewodros Timerga

General Manager
Dupty General Manager
Acting Finance Manager

Independent auditors

Getachew Waqijira Chartered certifiesd Accountant
Certified Audit Firm
Tel : +251 911212087

Corporate office

Addis Ababa
Around National Stadium
Tel-251-1011-551-32-22
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Principal bankers

Commercial Bank of Ethiopia
Awash Bank
Dashen Bank
Oromia Bank



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GHION HOTELS ENTERPRISE
REPORTS AND ANNUAL FINANCIAL STATEMENTS
REPORT OF THE MANAGEMENT
FOR THE YEAR ENDED JUNE 30,2024

The management are responsible for the preparation and fair presentation of the annual financial statements as of 30 June 2024 and the Enterprising notes to the statement which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS), the requirements of the Accounting and Auditing Board of Ethiopia (AABE), and legal requirements of the country. The management are also responsible for such internal control as the management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management. The management have made an assessment of the ability of the Enterprise to continue as a going concern and have no reason to believe that the business will not be going concern in the year ahead. The annual financial statements have accordingly been prepared on this basis. When management is aware of material uncertainties relating to events or conditions which may cast significant doubt upon the Enterprise's ability to continue as a going concern, those uncertainties shall be disclosed.

This annual financial statement is prepared and presented for the shareholder of the Enterprise . The statement is a general purpose statement prepared with the intention of helping the users of this financial statement to make an informed economic decision.

Incorporation and address

The Hotel is a Government Owned Enterprise domiciled in Ethiopia. The Enterprise was established in 1960 in

Operating results

The Enterprise's results for the year ended 30 June 2024 are set out on page 9. The profit for the year has been transferred to retained earnings. The summarized results are presented below.

	2024	Restated 2023
	<u>ETB</u>	<u>ETB</u>
Income from Continued Operations		
Revenue	221,261,766	156,163,664
Loss before tax	65,758,304	30,017,493
Tax income (expense)	(19,560,953)	(9,938,961)
Profit for the year	<u>50,070,042</u>	<u>36,993,073</u>



The management who held office during the year and to the date of this report are set out on page 1.

 Director General
 Addis Ababa, Ethiopia



 Finance Director

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GETACHEW WAKJIRA
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CERTIFIED AUDIT FIRM (ETH)

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Ref. No. 107/QW/17

Addis Ababa, Ethiopia

INDEPENDENT AUDITOR'S REPORT TO THE ENTERPRISE OF
GHION HOTELS ENTERPRISE

OPINION

We have audited the accompanying financial statements of Ghion Hotels Enterprise which comprise statement financial position as at June 30, 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Enterprise as at June 30, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 Enterprise in accordance with the ethical requirements that are relevant to our audit of the financial statements 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 opinion.

RESPONSIBILITY OF MANAGEMENT'S AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management of the Enterprise is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs 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.

In preparing the financial statements, management is responsible for assessing the Enterprise'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 Enterprise or to cease operations, or has no realistic alternative but do so.

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

AUDITORS' 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.



Getachew Wakjira

GETACHEW WAKJIRA
CHARTERED CERTIFIED ACCOUNTANT (UK)
CERTIFIED AUDIT FIRM (ETH)

Addis Ababa
October 22, 2024



GHION HOTELS ENTERPRISE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

ASSETS		2024	Restated
Non-Current assets	Notes	ETB	2023 ETB
Property, plant and equipment	4.1, 6	368,524,418	370,782,169
Right to Use a Land	4.2, 7	997,438,365	997,438,365
Deferred tax asset	4.3, 8	22,064,551	17,565,514
Total non-current assets		1,388,027,335	1,385,786,048
Current assets			
Inventories	4.4, 9	3,567,862	2,315,412
Trade and other receivable	4.5, 10	70,452,411	42,022,457
Cash and cash equivalents	4.6, 11	46,095,286	21,788,006
Total current assets		120,115,559	66,125,875
Total assets		1,508,142,894	1,451,911,923
Equity and Liabilities			
Equity			
Capital			
General Reserve	4.7, 12	19,280,040	19,280,040
Revaluation Reserve		499,472	499,473
Retained Earnings	4.9, 14	1,211,747,812	1,215,620,503
Legal reserve	4.8, 13	108,000,280	57,930,238
Total equity		3,845,301	3,848,288
Non-current liabilities		1,343,372,905	1,297,178,541
Long term employee benefit	4.11, 15	15,544,876	14,524,351
Deferred tax liability	4.12, 16	87,519,832	88,843,503
Total noncurrent liabilities		103,064,708	103,367,854
Current liabilities			
Trade and other payables	4.13, 17	36,274,620	32,681,050
Provisions		47,000	47,000
Taxation	4.14, 18	25,383,661	18,637,474
Total Current liabilities		61,705,281	51,365,525
Total liability		164,769,989	154,733,379
Total Liabilities And Equity		1,508,142,894	1,451,911,923



GHION HOTELS ENTERPRISE
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30,2024

	Notes	2024	Restated 2023
		<u>ETB</u>	<u>ETB</u>
Revenue	19	221,261,766 ✓	156,163,664
Cost of sales	20	35,712,127 ✓	28,709,080
Gross profit		<u>185,549,638</u>	<u>127,454,584</u>
Other income	21	4,538,520 ✓	2,099,548
Interest income		-	-
Gross profit		<u>190,088,158</u>	<u>129,554,131</u>
General and administrative expenses	22	(111,386,049)	(84,121,753)
Expected credit Loss	23	(11,537,806)	(14,944,385)
Audit Fee		(100,000)	(64,000)
Board Fee		<u>(1,306,000)</u>	<u>(406,500)</u>
Total Expenses		<u>(124,329,854)</u>	<u>(99,536,638)</u>
Profit before tax		<u>65,758,304</u>	<u>30,017,493</u>
Tax Income (expense)expense	24	(19,560,953)	(9,938,961)
		<u>46,197,351</u>	<u>20,078,532</u>
Other comprehensive income reclassified from revaluation reserve to profit or loss in in periods:		3,872,691	16,914,541
Profit for the year		<u>50,070,042</u>	<u>36,993,073</u>



GHION HOTELS ENTERPRISE
STATMENTS OF CHANGES IN EQUITY
AS AT JUNE 30, 2024

	Restated					
	Share Capital	General Reserve	Retained earnings	Revaluation Reserve	Legal Reserve	Total
Balance as at 01 July 2022	19,280,040	499,473	20,367,866	1,232,535,044	3,848,288	1,276,530,711
Prior Period Adjustment	-	-	569,299	-	-	569,299
Profit/(Loss) for the year	-	-	20,078,532	-	-	20,078,532
Other comprehensive income	-	-	16,914,541	(16,914,541)	-	-
Balance as at 30 June 2023 (As restated)	19,280,040	499,473	57,930,238	1,215,620,503	3,848,288	1,297,178,541
Profit/(Loss) for the year			46,197,351			
Adjustment on Legal Reserve					(2,987)	
Other comprehensive income			3,872,691	(3,872,691)		
Balance as at 30 June 2024	19,280,040	499,473	108,000,280	1,211,747,812	3,845,301	1,297,178,541



**GHION HOTELS ENTERPRISE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30,2024**

	2024	2023
	<u>ETB</u>	<u>ETB</u>
Cash flows from operating activities		
Profit before tax	65,758,304	40,300,839
Depreciation and Amortization	9,647,798	11,281,095
Expected Credit Loss	11,537,806	14,944,385
Prior Year Adjustment	(2,987)	569,299
Receivable from State		(7,226,288)
	86,940,920	59,869,330
Movements in working capital		
Change in stock	(1,252,449)	286,022
Change in debtors for the year	(39,967,760)	(28,712,766)
Change in creditors for the year	4,614,095	9,206,820
	(36,606,114)	(19,219,924)
Net Cash in flows operating activities	50,334,807	40,649,406
WHT	-	(1,269,980)
Income tax Paid	(18,637,474)	(10,780,643)
	31,697,332	28,598,783
Cash flows from investing activities		
Property, Plant & Equipment	(7,390,048)	(7,961,568)
Net Cash out flows investing activities	(7,390,048)	(7,961,568)
Cash flows from Financing activities		
State Dividend Paid	-	(3,263,629)
Loan /Settled during the year	-	-
Net Cash out/in flow financing activities	-	(3,263,629)
Net increase in cash and cash equivalents	24,307,284	17,373,587
Begning cash and cash equivalent	21,788,006	4,414,417
Cash and cash equivalents at the end of the year	46,095,287	21,788,006



GHION HOTELS ENTERPRISE
NOTES TO FINANCIAL STATEMENTS

1 GENERAL INFORMATION

GHION HOTELS ENTERPRISE is a Enterprise domiciled in Ethiopia and was initially established in 1951 by four shareholders and subsequently nationalized by the government. Currently the hotel is fully owned by the government as per the council of ministries' regulation No. 107/1993. The hotel is rendering the following services :-

- Rooms
- Restaurant and Bar services
- Meeting and Events
- Spa and Health club

2 BASIS OF PREPARATION

The financial statements for the year ended 30 June 2024 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Enterprise's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The management believes that the underlying assumptions are appropriate and that the Enterprise's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note ia-1 below. This Financial statement is prepared on Going concern Basis.

3 NEW STANDARDS, AMENDMENTS, INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 30 June 2022. The details of the new standards/Amendments along with their effect on the financial statement of the Enterprise are listed below.

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. It is applicable to annual reporting periods beginning on or after 1 January 2024.

IFRS S2 Climate-related Disclosures

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. It is Applicable to annual reporting periods beginning on or after 1 January 2024.

Presentation and Disclosures in Financial Statements

IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. It is Applicable to annual reporting periods beginning on or after 1 January 2027.



GHION HOTELS ENTERPRISE
NOTES TO FINANCIAL STATEMENTS

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction to summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. This statements are separate financial statements of Bole Printing PLC.

4.1 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment of the Enterprise which appear on the statement of financial position at the end of the reporting period are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Enterprise recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognized in income statement as incurred.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

<u>PPE</u>	<u>Depreciation method</u>	<u>Useful life</u>	<u>Estimated Salvage Value</u>
Buildings	STL	50	10%
Motor vehicles	STL	20	10%
Office furniture and equipment	STL	15	10%
Machinery	STL	25	10%
Special Equipment		3	
Computer and accessories	STL	5	0%

The Enterprise commences depreciation when the asset is available for use. Capital work-in-progress is not depreciated as these assets are not yet available for use. They are disclosed when reclassified during the year. An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use.

4.1.1 GAINS AND LOSSES ON SALE

Net gains on sale of items of PPE are presented in profit or loss as other income. Net losses on sale are reported as loss on disposal. Net gains and losses are recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing management involvement with the PPE.

4.2 LEASES (RIGHT TO USE AN ASSET-Enterprise as a lessee)

At an inception of a contract, the Enterprise assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets, the Enterprise uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into before, on or after 1 July 2019 that were previously identified as leases.



GHION HOTELS ENTERPRISE

NOTES TO FINANCIAL STATEMENTS

At commencement or on modification of a contract that contains a lease component, the Enterprise allocates consideration in the contract to each lease component on the basis of its relative stand-alone price.

The Enterprise recognizes a right-of-use of asset. The right-of-use of asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment

Enterprise as a lessor and recognition of Operating Lease

At inception or on modification of a contract that contains a lease component, the Enterprise allocates the consideration in the contract to each lease component on the bases of their relative stand-alone selling prices. When the Enterprise acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

4.3 DEFERRED TAX ASSET

Deferred tax asset is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statement. Deferred tax asset is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilize. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4.4 INVENTORIES

Inventories are measured at the lower of cost and Net Releasable Value. The Enterprise writes down the values of obsolete inventories to nil which it no longer expects future economic benefit from. Inventories are presented net of impairment. For Consumables, The Enterprise uses cost as a measurement method as it is impracticable to come up with Net releasable value.

4.5 FINANCIAL INSTRUMENTS - INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

4.5.1 FINANCIAL ASSETS

INITIAL RECOGNITION AND MEASUREMENT

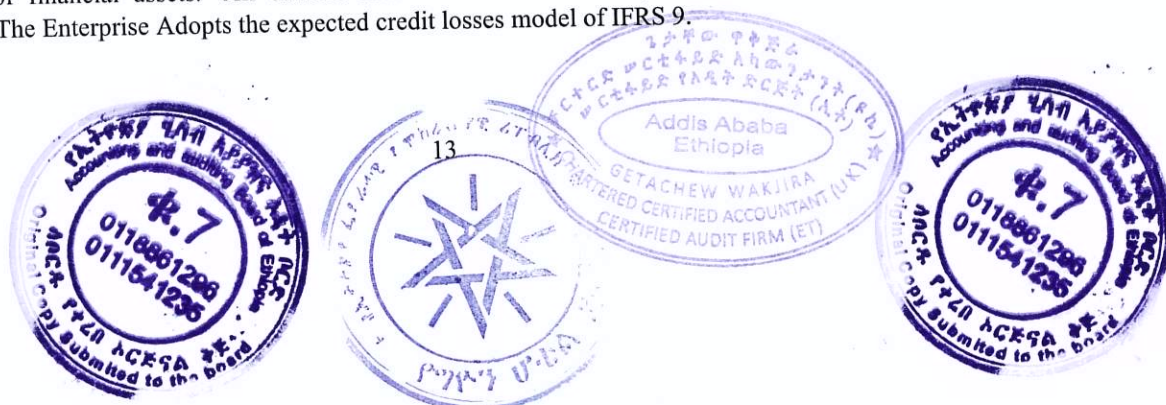
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

All financial assets except for trade receivables are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Trade receivables are initially recognized at their transaction price.

4.5.2 SUBSEQUENT MEASUREMENT

• AT AMORTIZED COST

The basis of classification depends on the Enterprise's business model and the contractual cash flow characteristics of financial assets. All current financial assets the Enterprise has are classified under amortized cost. The Enterprise Adopts the expected credit losses model of IFRS 9.



GHION HOTELS ENTERPRISE

NOTES TO FINANCIAL STATEMENTS

The Enterprise uses amortized cost to measure its financial assets along with providing for impairment allowance as per the requirement of IFRS 9. For its trade receivables, the Enterprise measures the loss allowance at an amount equal to lifetime expected credit losses using provision matrix. The provision matrix is based on default rates that are developed following management's assessment of the likelihood of default. The default rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

At every reporting date, the default rate is updated to reflect current and forecast inflation and credit conditions if there are conditions that indicate default rates have changed.

In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in the profit or loss when the inputs become observable, or when the instrument is derecognized. A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Enterprise's statement of financial position) when:

- * The rights to receive cash flows from the asset have expired, or
- * The Enterprise has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) The Enterprise has transferred substantially all the risks and rewards of the asset, or
 - (b) The Enterprise has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Enterprise has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Enterprise continues to recognize the transferred asset to the extent of the Enterprise's continuing involvement. In that case, the Enterprise also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Enterprise has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Enterprise could be required to repay.

4.5.3 FINANCIAL ASSETS CARRIED AT FAIR VALUE

Investments in equity instruments are measured at fair value through profit or loss. However, if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements, the Enterprise uses cost to measure the investments as it represents the best estimate of fair value within the available ranges.

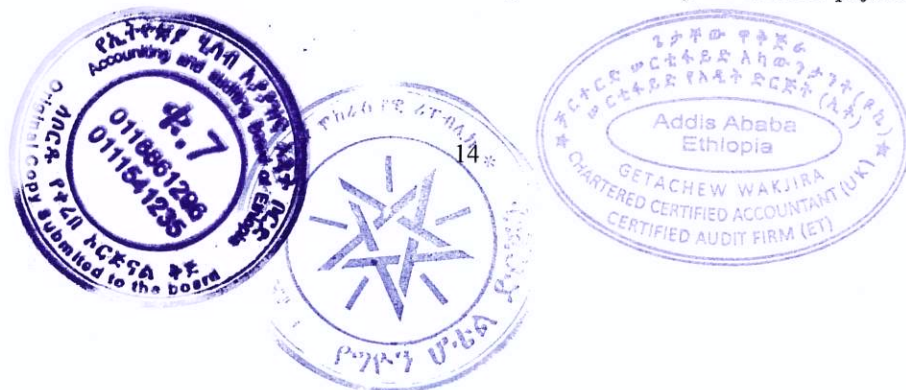
4.5.4 PREPAYMENT & OTHER RECEIVABLES

Prepayments are payments made in advance for services to be enjoyed in future. The amount is initially capitalized in the reporting period in which the payment is made and subsequently amortized over the period in which the service is to be enjoyed.

Other receivables are recognized upon the occurrence of event or transaction as they arise and cancelled

4.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, cash at bank and treasury bills when they are deemed payable within three months.



GHION HOTELS ENTERPRISE

NOTES TO FINANCIAL STATEMENTS

4.6.1 IMPAIRMENT OF CASH AND CASH EQUIVALENTS

The Enterprise assesses cash and cash equivalents for impairment in accordance with IFRS 9 – Financial Instruments. While cash and cash equivalents are subject to the impairment requirements of IFRS 9, the expected credit loss (ECL) for these assets is immaterial due to the nature of the counterparties (primarily financial institutions with high credit ratings) and the short-term nature of the financial instruments.

The Enterprise uses the following methods to assess the expected credit losses on cash and cash equivalents:

Default Risk of Financial Institutions: The Group continuously monitors the Current, Quick and Cash Ratio of the financial institutions where cash is deposited to assess default risks. Given the high level of liquidity of the banks in which enterprise holds its cash, the expected credit loss associated with cash and cash equivalents is deemed immaterial.

Historical Loss Rates: Historically, the enterprise has not incurred any loss on its cash and cash equivalents. The enterprise uses this data to support its assessment that credit losses will continue to be insignificant.

Forward-Looking Information: The enterprise considers any relevant forward-looking information, including economic conditions, geopolitical risks, and changes in market conditions, which may affect the financial stability of counterparties.

4.6.2 IMPAIRMENT ASSESSMENT

As at June 30, 2024, the Enterprise performed an impairment assessment on its cash and cash equivalents. The assessment indicated that the expected credit losses are insignificant and no impairment provision is required

Class of Asset	Gross Carrying Amount	ECL Provision	Net Carrying Amount
Cash on hand	255,609	-	255,609
Bank deposits	45,839,677	-	45,839,677
Short-term investments	-	-	-
Total Cash and Cash Equiva	46,095,286	-	46,095,286

4.6.3 EXPECTED CREDIT LOSSES (ECL) METHODOLOGY

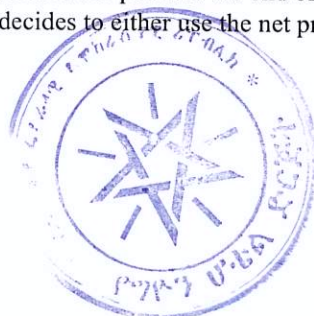
Cash and cash equivalents are measured at amortized cost. The Enterprise applies the simplified approach permitted under IFRS 9 to assess impairment. This approach considers the lifetime ECLs for cash and cash equivalents and does not require a detailed tracking of historical credit loss events due to the short-term, low-risk nature of the assets. Given that the counterparties to cash deposits are investment-grade financial institutions and the time to maturity of the cash equivalents is typically less than three months, the risk of default is deemed extremely low, and no significant impairment is recognized.

4.7 CAPITAL

The Equity account is a paid up capital amount paid both in kind and in Cash. The sum stated in the statement of financial position is an amount the Enterprise have registered with the relevant authority up on establishment. The capital has not been increased or decreased since the sum was first registered on the trade license of the company.

4.8 ACCUMULATED LOSS

The Accumulated profit (Loss) Account is an equity account where the net profit (loss) is placed each year. If the Enterprise registers a net profit at the end of a financial year, the net profit will be placed in the account until the Enterprise decides to either use the net profit to distribute dividend or to increase its capital.



GHION HOTELS ENTERPRISE
NOTES TO FINANCIAL STATEMENTS

4.9 REVALUATION RESERVE

In Transition to IFRS, the excess of deemed cost (fair value) over the cost carrying value of properties plant and equipment, long term intangible assets and investment properties is credited either to retained earnings or another form of equity, as appropriate. One of the conditions when such difference is credited to another form of equity is when there is a regulatory restriction of its distribution to shareholders. The Commercial Code of Ethiopia 1960 stipulates that dividend can be distributed only from reserves in the approved balance sheet resulting from profit after taxation. Therefore, the increase of the fair value over the carrying value of such long-term assets at date of transition to IFRS does not qualify to be credited to retained earnings, hence has been credited to a non-distributable reserve under the heading "Reevaluation Reserve". Management

4.10 LEASE LIABILITY-(Enterprise as a lessee)

At commencement or on modification of a contract that contains a lease component, the Enterprise allocates consideration in the contract to each lease component on the basis of its relative stand-alone price.

The Enterprise recognizes a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Enterprise's incremental borrowing rate. Generally, the Enterprise uses its incremental borrowing rate at the discount rate. The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Enterprise's estimate of the amount expected to be payable under a residual value guarantee, if the Enterprise changes its assessment of whether it will exercise a purchase extension or termination option if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

4.11 EMPLOYEE BENEFITS

The Enterprise has an employee benefit scheme which follows the Labor Proclamation No. 377/2003. The Enterprise recognizes a liability for short term benefits as employees render services. The Enterprise accounts for annual leaves by providing in full for all unused leaves.

The Enterprise has a defined post-employment scheme in line with the provisions of Ethiopian pension of private organization employee's proclamation 715/2011. Funding under the scheme is 7% and 11% by employees and the Enterprise respectively. The pension scheme is based on employees' monthly salary.

Employer's contributions to this scheme are charged to profit or loss and other comprehensive income in the period in which they relate.

The Enterprise effects severance payment as per the proclamation mentioned above for employees which leave the organization on will after five and plus years of experience. The Enterprise treats the benefit scheme as Post Employment employee benefit. The Enterprise uses actuarial estimates, averages and computational short cuts to provide a reliable approximation of the liability incurred on each year in relation

4.11.1 TERMINATION BENEFITS

Termination benefits are payable to employees as per proclamation 715/2011 when employment is terminated by the Enterprise before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Enterprise recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made



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4.11.2 POST-EMPLOYMENT EMPLOYEE BENEFITS (*Severance and Funeral*)

The severance benefit plan is an unfunded post employment employee Benefit scheme. The Enterprise does not maintain any assets for the schemes but ensures that it has sufficient funds for the obligations as they crystallize. The severance benefits are based on the statutory severance benefit as set out in Labor Proclamation No. 377/2003, as amended by the Labor (Amendment) Proclamation No. 494/2006. Employees who have served the Enterprise for 5 years and above and are below the retirement age (i.e. has not met the requirement to access the pension fund) are entitled for the benefit. The final pay-out is determined by reference to final monthly salary and number of years in service computed as one month salary of the first year in employment plus one-third of monthly salary for subsequent years to a maximum of twelve months salary. The Enterprise has a benefit scheme in which it reimburses employees' funeral expense. The Enterprise provides for funeral Expense Provision and treats the payable as long term Liability.

4.11.3 SHORT TERM EMPLOYEE BENEFITS- (*Annual Leave and Bonus*)

The Enterprise provides for unused leave days and bonus payables by estimating the amount the Enterprise is likely to pay for each employee. The Enterprise treats the benefits as short term employee benefit.

4.12 DEFERRED TAX LIABILITIES

Deferred tax liability is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statement. Deferred tax liability is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4.13 FINANCIAL LIABILITIES

4.13.1 INITIAL RECOGNITION AND MEASUREMENT

Financial liabilities are initially measured at fair value (the transaction price) using effective interest rate. After initial recognition, all financial liabilities of the Enterprise are measured at amortized cost. The fair values of trade payables of the Enterprise are similar with their transaction price.

4.14 CURRENT INCOME TAX

The income tax liability for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Ethiopia. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

4.15 PROVISIONS

Provisions are recognized when the Enterprise has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the Enterprise expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as other operating expenses.



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4.16 CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method. Changes in balance sheet items that have not resulted in cash flows such as depreciation charges and other non -cash items are adjusted to come up with cash flow from operating activities

4.17 REVENUE RECOGNITION

The Hotel derives its revenues from the provision of hospitality services, which include accommodation, food and beverage, and other ancillary services, such as event hosting, laundry, and transportation.

The primary categories of revenue are as follows:

Room Revenue: Revenue from the provision of accommodation services.

Food and Beverage Revenue: Revenue from the sale of food, beverages, and catering services.

Other Hotel Revenue: Revenue from other services, including spa, laundry, and event hosting.

Revenue is recognized in accordance with IFRS 15 – Revenue from Contracts with Customers. The Group recognizes revenue when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Hotel's contracts with customers typically involve performance obligations related to the provision of accommodation and related services. The performance obligations are satisfied over the period during which the customer stays at the hotel or utilizes other services. Payment is generally due at the time of service, except in the case of advance bookings.

Expenses are recognized when incurred regardless of payment of cash.

4.17.1 INTEREST AND SIMILAR INCOME AND EXPENSE

For cash at bank, short and medium term loans measured at amortized cost, interest income or expense is recorded using the Effective Interest rate which is usually the contractual rate. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the Effective Interest Rate (EIR), but not future credit losses.

4.17.2 FEES AND COMMISSION

If there are significant Fees and commission income and expenses that are integral to the effective interest rate on Treasury bills and bond receivables are included in the measurement of the effective interest rate. Other fees are recognized as they occur.

4.18 FOREIGN EXCHANGE GAIN OR LOSS

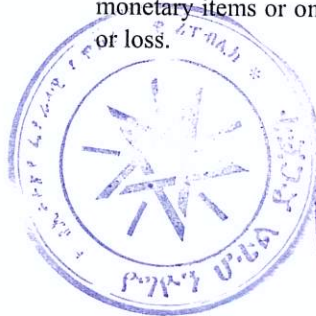
4.18.1 Nature of Foreign Exchange Transactions

The Enterprise in limited occasions conducts transactions in foreign currencies due to its international guests, including the purchase of goods and services, the settlement of liabilities, and the receipt of revenue in currencies other than the functional currency (Birr). The Enterprise's exposure to foreign currency exchange rate fluctuations arises from these transactions.

Foreign Currency Transactions: Transactions in foreign currencies are initially recorded at the exchange rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary Items: Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items measured at fair value in a foreign currency are retranslated using the exchange rates at the date when the fair value was determined.

Foreign Exchange Gains and Losses: Foreign exchange gains and losses arising from the settlement of monetary items or on the retranslation of monetary items at year-end exchange rates are recognized in profit or loss.



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ia-1 Significant accounting judgments, estimates and assumptions

Estimates and assumptions

The preparation of the Enterprise's financial statement requires management to make judgments, estimates and assumptions that affect the reported amounts of elements of the statement and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Enterprise's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

Impairment losses on receivables

The Enterprise chooses to apply the Simplified approach or to recognize an allowance for lifetime expected credit losses from initial recognition. The Enterprise reviews its receivables for impairment on an on-going basis and writes down the carrying amount of receivables if there is a reasonable expectation that amounts won't be recovered/ collected. To provide for loss allowances on trade receivables, the Enterprise looks in to past history, experience and occurrence of defaults.

Depreciation and carrying value of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgment. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

Employee Benefit

The Enterprise engages actuarial experts to estimate part of its liability in relation to employee benefit. The Enterprise also uses estimates, averages and computational short cuts to provide a reliable approximation of the liability incurred in relation to severance pay. The Enterprise uses five years trend to come up with average figures and project and estimate severance pay obligation.



GHION HOTELS ENTERPRISE

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5 Financial risk management

5.1 Introduction

5.1.1 Risk measurement and reporting systems

The Enterprise's risks are measured using methods that reflect both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual. Monitoring and controlling risks is primarily performed based on limits established by the Enterprise. These limits reflect the business strategy and market environment of the Enterprise as well as the level of risk that the Enterprise is willing to accept, with additional emphasis on selected entities. In addition, the Enterprise measures and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

5.1.2 Risk mitigation

The Enterprise uses various risk mitigating techniques to reduce its risk to the level acceptable. Risk controls and mitigants, identified and approved for the Enterprise, are documented for existing and new processes and systems.

The adequacy of these mitigants is tested on a periodic basis through several assessment techniques, using an operational risk management tool which requires risk owners to confirm the effectiveness of established controls. These are subsequently reviewed as part of the review process.

5.2 Financial risk

Financial instruments by category

The Enterprise's financial assets are classified into the following categories: at amortized cost, at fair value through P&L and at FV through OCI and the financial liabilities are classified into other liabilities at amortized cost.

Financial Assets are classified in the statement of financial position in accordance with their legal form and substance. (Whether the instrument is held to collect/sell and whether the instrument give rise to cash flows that are Solely Payments of Principal and Interest)

The Enterprise's classification of its financial assets is summarized in the table below:

Financial instruments by category -2024		At FVPL	At amortized cost	Total
Cash and balances with banks	11	-	46,095,286	46,095,286
Trade receivables	10	-	74,175,617	74,175,617
Other receivables excluding non financial asset	10	-	22,617,112	22,617,112
		-	142,888,016	142,888,016

Financial instruments by category -2023	Notes	At FVPL	At amortized cost	Total
Cash and balances with banks	11	-	21,689,533	21,689,533
Trade receivables	10	-	57,270,419	57,270,419
Other receivables excluding non financial assets	10	-	13,632,293	13,632,293
		-	92,592,245	92,592,245

5.3 Credit risk

The Enterprise has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Enterprise is exposed to credit risk is trade receivables.

5.3.1 Management of credit risk

The Enterprise manages the levels of credit risk it accepts by placing limits on its exposure to a single or multiple counterparties. Such risks are subject to regular review. Limits on the level of credit risk by category and territory are approved executive management. The table below show the maximum exposure to credit risk for the Enterprise's financial assets. The maximum exposure is show gross before the effect of



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Maximum exposure to credit risk

Maximum exposure to credit risk	30,June 2024	30,June 2023
Cash and balances with banks	46,095,286	21,689,533
Trade receivables	74,175,617	57,270,419
Other receivables excluding Non Financial Assets	22,617,112	13,632,293
	142,888,016	92,592,245

5.4 Credit risk

5.4.1 Credit quality analysis

(a) Credit quality of cash and cash equivalents

The credit quality of cash and bank balances and short-term investments that were neither past due nor impaired at as 30 June 2023 and 30 June 2024 are held in banks have been classified as non-rated as there are no credit rating agencies in Ethiopia.

(b) Credit quality of Trade and other receivables

Definition of default

The Enterprise considers a financial asset to be in default

* the holder of the financial asset is unlikely to pay its credit obligations to the Enterprise in full. In assessing whether a borrower is in default, the holder of the financial asset considers indicators that are:

- qualitative: e.g. breaches of covenant; and
- quantitative: e.g. overdue status and non-payment on another obligation.

(i) **Trade and Other receivables**

For trade receivables, the Enterprise chooses to apply Practical expedient and measures the loss allowance using provision matrix. The provision matrix is based on its historical observed default rates, adjusted for forward looking estimates. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. The default rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The management bases past data to come up with the default rates below.

Expected Credit Loss-2023

Days Due	60-90 days	90-180 days	bove 180 days	Total
Receivables (Excluding Prepayment)	26,210,707	33,189,447	32,012,868	91,413,023
Allowance Rate	0.05	0.08	0.40	-
Allowance for Receivables	26,210,708	2,655,156	12,828,224	41,694,087
Total Receivables (Excluding Prepayment)				91,413,023
Allowance for the period				(41,694,087)
Net Receivables (Excluding Prepayment)				49,718,936

Expected Credit Loss-2024

Days Due	60-90 days	90-180 days	bove 180 days	Total
Receivables (Excluding Prepayment)	50,018,229	45,885,559	46,123,166	142,026,954
Allowance Rate	0.05	0.08	0.40	-
Allowance for Receivables	12,026,785	13,196,719	28,008,388	53,231,893
Total Receivables (Excluding Prepayment)				142,026,954
Allowance for the period				(53,231,893)
Net Receivables (Excluding Prepayment)				88,795,061



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5.4.2 Credit concentrations

The Enterprise monitors concentrations of credit risk by sector, location and purpose. An analysis of concentrations of credit risk at 30 June 2024 and 30 June 2023. The Enterprise concentrates all its financial assets in Ethiopia.

Credit concentrations-30,June 2023	Public	Private	Total
Cash and balances with banks	46,095,286	-	46,095,286
Trade receivables		74,175,617	74,175,617
Other receivables excluding non financial asset	-	22,617,112	22,617,112
	46,095,286	96,792,729	142,888,016

Credit concentrations-30,June 2024	Public	Private	Total
Cash and balances with banks	21,788,006	-	21,788,006
Trade receivables		57,270,419	57,270,419
Other receivables excluding non financial asset	-	13,636,478	13,636,478
	21,788,006	70,906,898	92,694,903

5.5 Capital management

The Enterprise maintains an efficient capital structure of equity shareholders' funds, consistent with the Enterprise's risk profile and market requirements of its business. The Enterprise's objectives in managing its capital include matching the profile of its assets and liabilities, taking account of the risks inherent in the business, maintaining financial strength to support new business growth along with maintaining strong liquidity to continue as a going concern.

Analysis of working capital	2024	2023
Current assets	120,115,559	111,294,075
Current liabilities	61,705,281	51,365,525
Current ratio	1.95	2.17
Capital employed	1,446,437,613	1,400,546,398
Return on Capital employed	0.045	0.021

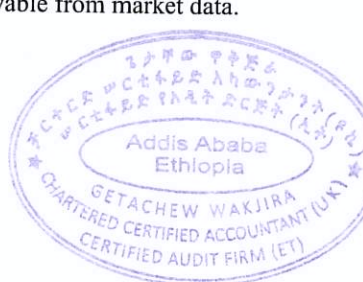
5.6 Fair value of financial assets and liabilities

5.6.1 Valuation models

IFRS 13 requires an entity to classify measured or disclosed fair values according to a hierarchy that reflects the significance of observable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, which comprises of three levels as described below, based on the lowest level input that is significant to the fair value measurement as a whole.

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Enterprise's market assumptions. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) .This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation technique in which all significant inputs are directly or indirectly observable from market data.



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Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all assets and liabilities for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the asset or liability's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

5.6.2 Valuation models

	30-Jun-2024		30-Jun-2023	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Cash and balances with banks	46,095,286	46,095,286	21,788,006	21,788,006
Trade receivables	74,175,617	74,175,617	57,270,419	57,270,419
Other receivables excluding non financial asset	22,617,112	22,617,112	13,632,293	13,632,293
	142,888,016	142,888,016	92,690,718	92,690,718

	Fair value	Carrying amount	Fair value	Carrying amount
Financial liabilities				
Trade payables	2,851,162	2,851,162	3,605,114	2,851,162
Other liabilities	33,423,458	33,423,458	29,075,936	33,423,458
	36,274,620	36,274,620	32,681,050	36,274,620

5.6.3 Fair value methods and assumptions

Loans and receivables including trade receivables are carried at cost net of provision for impairment. The estimated fair value represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

5.6.4 Valuation technique using significant unobservable inputs – Level 3

The Enterprise has no financial asset measured at fair value on subsequent recognition.

During the three reporting periods covered by these annual financial statements, there were no movements between levels as a result of significant inputs to the fair valuation process becoming observable or unobservable.

The Enterprise's trade and other receivables, which are categorized as Level 3, primarily include standard receivables where observable market data is not available. The fair value of these receivables is determined using discounted cash flow models. The significant unobservable inputs in the valuation include:

Discount rates based on credit risk and expected future cash flows.

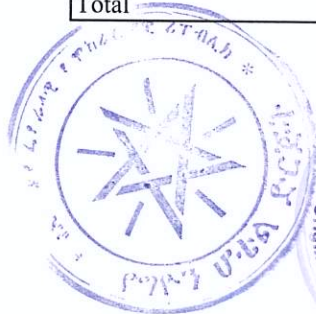
Adjustments for credit risk of counterparties.

Estimated timing of cash inflows.

The Enterprise estimates that the fair value of these receivables approximates their carrying value after applying appropriate risk-adjusted discount rates.

As of 07 June 2024, the carrying amount of Level 3 trade and other receivables is as follows:

	2024	2023
Trade Receivables	74,175,617	57,270,419
Other Receivables	22,617,112	13,636,478
Total	96,792,729	70,906,898



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Reconciliation of Level 3 Receivables		2024
Opening balance		70,906,898
Additions		46,091,462
Receipts during the year		(20,205,631)
Fair value adjustments		-
Closing balance		96,792,729

5.7 Offsetting financial assets and financial liabilities

There are no offsetting arrangements. Financial assets and liabilities are settled and disclosed on a gross basis.

5.8 Market Risk

Market risk is defined as the risk of loss risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market risk factors such as interest rates, foreign exchange rates, equity prices, credit spreads and their volatilities. Market risk can arise in conjunction with trading and non-trading activities.

The Enterprise does not ordinarily engage in financial instrument trading activities as there are no active markets in Ethiopia.

5.8.1 Management of Market risk

The main objective of Market Risk Management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. Market risk is monitored by the audit department on regularly, to identify any adverse movement in the underlying variables.

5.9 Liquidity risk

Liquidity risk is the risk that the Enterprise will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Enterprise manages liquidity risk by implementing robust receivable collection system and strategizing to match payment of its payables to its cash collection period. The Enterprise regularly asses its liquidity

5.10 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. Borrowings obtained at variable rates give rise to interest rate risk. The Enterprise's exposure to the risk of changes in market interest rates is rather minimal as it currently is not engaged in significant lending and borrowing arrangements.

5.11 Foreign Exchange Risk Management

Foreign Exchange refers to the potential financial loss due to changes in the exchange rates between the Birr and other currencies. The Enterprise entertains international guests and is exposed to limited foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar (USD), Euro (EUR), and British Pound (GBP). The Enterprise actively monitors its exposure to foreign exchange risk and manages it through the following methods:

Natural Hedging: By matching foreign currency revenue with foreign currency expenses along with continuously reviewing its policies in response to foreign exchange volatility. the Enterprise does not currently use currency derivatives such as forward contracts or options.



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5.11.1 Foreign Exchange Gains and Losses Recognized in Profit or Loss

Category	2024	2023
Foreign exchange gain on cash and bank balances	3,537,359	1,412,423
Foreign exchange gain on trade receivables	-	-
Net foreign exchange gain	3,537,359	1,412,423

5.11.2 Sensitivity Analysis

Foreign currency sensitivity analysis has been performed on the following key currencies: USD, EUR, and GBP. The table below shows the impact of a 10% strengthening/weakening of each currency against the Group's functional currency, assuming all other variables remain constant.

Impact on Profit or Loss:

Currency	10% Increase (in thousands)	10% Decrease (in thousands)
USD	353,736	(353,736)
EUR	-	-
GBP	-	-

The analysis assumes that the foreign exchange rate change is applied to the closing position at the end of the reporting period. This sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not reflect the exposure during the year.



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6 Property, Plant and Equipment

Machinery & Building equipment			Office equipment	Furniture and fixture	Kitchen utensils and cutlery	Silverware and cutfury	Soft furnishings & proclain	Glassware & proclain	Computers & accessories			Motor vehicles	Infrastructure & civil work	Work in progress	Fixed assets in Store	Total
At 1 July 2022	227,769,294	43,451,644	873,576	15,075,459	933,950	670,023	16,563,450	745,359	3,811,341	11,693,577	104,509,414	28,183,816	16,230,350	474,138,710		
Additions	355,500	2,793,264	104,782	-	31,878	434,365	632,461	35,478	344,691	-	-	72,827	2,856,941	7,961,568		
At 1 July 2023	228,124,794	46,244,908	978,358	15,075,459	965,828	1,104,389	17,195,911	780,837	4,156,032	11,693,577	104,509,414	28,256,642	19,087,291	482,100,278		
Additions	4,478,810	724,340	476,483	959,134	33,431	178,959	266,394	86,957	510,555	-	-	-	(539,546)	7,390,048		
At 30 June 2024	232,603,604	46,969,249	1,454,841	16,034,593	999,259	1,283,347	17,462,306	867,794	4,141,368	4,666,587	104,509,414	28,256,642	18,547,745	489,490,325		
Depreciation and Impairment																
At 1 July 2022	38,623,953	13,105,840	431,266	7,714,995	931,810	510,926	13,429,569	663,408	2,883,160	2,394,459	3,451,103	15,894,526	-	-	100,037,014	
Depreciation	4,555,386	1,774,141	61,429	1,005,031	5,844	315,767	252,912	32,678	328,357	274,683	584,679	2,090,188	-	-	11,281,095	
At 1 July 2023	43,181,339	14,879,981	492,695	8,720,025	937,654	826,693	13,682,482	696,085	3,211,517	2,669,142	4,035,781	17,984,714	-	-	111,318,109	
Depreciation	4,576,860	998,336	157,371	1,070,137	15,399	258,136	286,935	299,984	257,908	310,409	484,679	931,644	-	-	9,647,798	
At 30 June 2024	47,758,199	15,878,317	650,066	9,790,163	953,053	1,084,829	13,969,417	996,070	3,469,425	2,979,551	4,520,460	18,916,358	-	-	120,965,907	

Depreciation and Impairment

At 1 July 2022	38,625,953	13,105,840	431,266	7,714,995	931,810	510,926	13,429,569	663,408	2,883,160	3,451,103	15,894,526	-	-	100,037,014
Depreciation	4,555,386	1,774,141	61,429	1,005,031	5,844	315,767	252,912	32,678	328,357	584,679	2,090,188	-	-	11,281,095
At 1 July 2023	43,181,339	14,879,981	492,695	8,720,025	937,654	826,693	13,682,482	696,085	3,211,517	4,035,781	17,984,714	-	-	111,318,109
Depreciation	4,576,860	998,336	157,371	1,070,137	15,399	258,136	286,935	299,984	257,908	484,679	931,644	-	-	9,647,798
At 30 June 2024	47,758,199	15,878,317	650,066	9,790,163	953,053	1,084,829	13,969,417	996,070	3,469,425	4,520,460	18,916,358	-	-	120,965,907

Carrying Amount

At 30 June 2023	184,943,455	31,364,927	485,664	6,355,433	28,174	277,696	3,513,430	84,752	715,320	1,486,890	7,657,796	86,524,700	28,256,642	19,087,291	370,782,169
At 30 June 2024	184,845,405	31,090,931	804,775	6,244,430	46,206	198,518	3,492,889	(128,276)	671,943	1,687,036	7,173,117	85,593,056	28,256,642	18,547,745	368,524,418



GHION HOTELS ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

	<u>2024</u>	<u>2023</u>
7 Right to use a Land		
Cost	997,438,365	997,438,365
Addition	-	-
Cost for The year	997,438,365	997,438,365
Accumulated Depercation bruoght forward	-	-
Deperciation for the year	-	-
Accumulted Depercation carried forward	-	-
Carrying Amount for the year	<u>997,438,365</u>	<u>997,438,365</u>
		Restated
8 Defferd Tax Asset	<u>2024</u>	<u>2023</u>
<i>Employee benefit Tax Base</i>	-	-
Employee benefit Carrying Amount	20,269,611	16,802,716
Deductible Temporary difference	20,269,611	16,802,716
<i>Allowance for receivables Tax Base</i>	-	-
Allowance for receivables Carrying Amount	53,231,893	41,694,087
Deductible Temporary difference	53,231,893	41,694,087
<i>Provisions Tax Base</i>	-	-
Provisions Carrying Amount	47,000	54,910
Deductible Temporary difference	47,000	54,910
Total Dedctable difference	<u>73,548,504</u>	<u>58,551,714</u>
	<u>22,064,551</u>	<u>17,565,514</u>
9 Inventories	<u>2024</u>	<u>2023</u>
Beverages	634,562	332,599
Provision food and related supplies	1,360,456	972,471
Stationary and supplies	1,572,843	1,018,253
Allowance for inventory impairment	-	(7,910)
	<u>3,567,862</u>	<u>2,315,412</u>
10 Trade and Other receivables	<u>2024</u>	<u>2023</u>
Financial Assets		
Trade Debtors	74,175,617	57,270,419
Sundry Debtors	19,969,164	11,376,682
Staff debtors	2,647,948	2,255,611
Creditors With Debit Balance	63,390	4,186
Less loss allowance (Note 5.4.1)	(53,231,893)	(41,694,087)
	<u>43,624,226</u>	<u>29,212,811</u>
Non-Financial Assets		
Prepayments	5,535,250	4,313,378
Receivable from State	19,093,811	7,226,288
With holding tax receivable	<u>2,199,124</u>	<u>1,269,980</u>
	<u>70,452,411</u>	<u>42,022,457</u>
11 Cash and cash equivalent	<u>2024</u>	<u>2023</u>
Cash on hand	255,609	98,473
Cash at bank	45,839,677	21,689,533
	<u>46,095,286</u>	<u>21,788,006</u>



GHION HOTELS ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

12 Capital

The Enterprise has a capital of birr 19,280,040 with 19,280 shares having 1,000 birr par value each.

13 Revaluation Reserve	2024	2023
Balance brought forward	1,215,620,503	1,232,535,044
Profit (Loss) for the year	(3,872,691)	(16,914,541)
Balance Carried forward	<u>1,211,747,812</u>	<u>1,215,620,503</u>

Restated

14 Retained Earnings	2024	2023
Balance brought forward	57,930,238	20,367,866
Prior Period Adjustment	-	569,299
Profit/(Loss) for the year	46,197,351	20,078,532
Other comprehensive income	<u>3,872,691</u>	<u>16,914,541</u>
Balance Carried forward	<u>108,000,280</u>	<u>57,930,238</u>

15 Post Employment employee benefit(severance)

The Enterprise uses estimates, averages and computational short cuts to provide a reliable approximation of the liability incurred on each year in relation to severance pay. The Enterprise uses the following assumptions to calculate severance pay

Variables Used	2022	2021
Average Turnover rate (Total)	0.04	0.03
Turnover rate for employees with less than 5 years of	0.03	0.02
Estimated annual salary increment	0.20	0.00
Discount rate	0.10	0.10



GHION HOTELS ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

		Restated
15.1	Severance Pay Payable	
	<u>2024</u>	<u>2023</u>
	Balance Brought Forward	14,524,351
	Addition for the year	1,020,525
	Severance Pay Payable for the Year	<u>15,544,876</u>
		<u>14,524,351</u>

15.2 Sensitivity analysis

The sensitivity analysis detailed below is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. The change in the liability recognized following a change in the assumptions used by a defined range amount is detailed below.

Change in assumption	Impact on Post employment	
	2024	2023
A 1% increment in Average Turnover rate (Total)	155,449	145,244
A 1% increment change in Average Turnover rate for	77,724	72,622
a 1% increment in Estimated annual salary increment	929,584	868,556
a 1% increment in Discount rate	373,077	348,584

16	Defferd Tax Liability	2024	2023
	<i>Property Plant and Equipment</i>		
	Tax Base	76,791,644	74,637,157
	Carrying Amount	368,524,418	370,782,169
	Deductible Temporary difference	291,732,774	296,145,012
	Deferred Tax Liability	<u>87,519,832</u>	<u>88,843,503</u>

17	Trade and Other payables	2024	2023
	Financial Liability		
	Trade Creditors	2,851,162	3,605,114
	Sundry Creditors	1,785,659	2,293,979
	Staff Payable	23,798	24,878
	Debtors with credit balance	7,932,559	12,572,290
	Sundry payable		
	Non-Financial Liability		
	Annual leave provision (Note 17.1)	4,724,735	2,278,365
	Accrued Liabilities	4,940,364	3,332,230
	Employment income Tax	3,027,760	728,224
	Guranty Deposit	(2,889,573)	0
	Pension Contribution	1,277,586	296,418
	Tax Payable	12,600,571	7,549,551
		<u>36,274,620</u>	<u>32,681,050</u>

17.1 Short term employee benefit

The Enterprise provides for unused leave days payable by estimating the amount the Enterprise is likely to pay for each employee. The Enterprise treats the benefits as short term employee benefit.

Short Term employment benefit (Annual Leave Pay Payable)

Leave pay	<u>2024</u>	<u>2023</u>
Balance Brought Forward	2,278,365	2,239,288
Addition (Used) During the year	<u>2,446,370</u>	<u>39,078</u>
	<u>4,724,735</u>	<u>2,278,365</u>

GHION HOTELS ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

18 Tax Payable

	<u>2024</u>	<u>2023</u>
Balance at the beginning of the year	18,637,474	10,780,643
Less: Settlement during the year	(18,637,474)	(10,780,643)
Current income tax expense	24,513,177	18,637,474
Withholding tax Receivable	=	=
Balance at the end of the year	24,513,177	18,637,474

19 REVENUE

	<u>2024</u>	<u>2023</u>
Room	49,463,529	42,456,957
Food	102,714,190	59,578,703
Beverage	16,080,033	8,367,276
Laundry	628,198	507,475
Entrance fee	18,967,014	11,200,583
Garden	10,763,235	1,925,902
Rent	12,239,262	9,096,709
Package	0	10,119,795
Games	0	531,659
Parking	1,561,126	352,832
GYM	2,147,864	1,351,777
Sauna/Jacussy	1,034,799	823,517
Cafeteria	4,223,848	2,381,895
Concert	2,411,067	7,497,714
Discount	(972,400)	(29,130)
Net sales	=	=
	221,261,766	156,163,664

19.1 Timing of Revenue Recognition

The timing of revenue recognition for the different categories is as follows:

Timing of Transfer

Goods or services transferred at a point in time

Services transferred over time

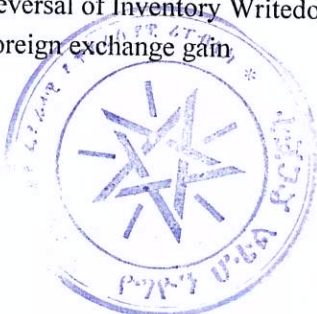
Total Revenue

20 Cost of sales

	<u>2024</u>	<u>2023</u>
Food	28,202,903	25,464,930
Beverage	5,538,783	3,244,151
Cost of Cleaning And sanitation	1,970,442	=
Cost of Sales	35,712,128	28,709,080

21 Other Income

	<u>2024</u>	<u>2023</u>
Other income	1,001,161	679,214
Reversal of Inventory Writedown		7,910
Foreign exchange gain	3,537,359	1,412,423
	4,538,520	2,099,548



GHION HOTELS ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

		Restated
	2024	2023
22 General expense		
Salary and wages ✓	46,380,856	25,354,071
Employee benefits ✓	9,323,952 ✓	6,896,343
Food accommodation ✓	4,050,718	3,248,047
Printing and office supplies ✓	6,083,022	3,067,018
Cleaning and sanitation ✓	1,352,339	3,164,762
Repair and maintenance ✓	3,360,168	5,070,832
Fuel and lubricant ✓	2,875,240	1,334,452
Municipality and other local taxes ✓	4,256,498	204,747
Insurance ✓	2,335,890	904,424
Utilities ✓	7,008,940	5,774,584
Accrued Annual leave expense ✓	2,446,370	39,078
Accrued severance expense ✓	1,020,525	11,246,699
Advertisement ✓	665,353	731,094
Consultancy	-	274,957
Travel and Perdiem ✓	3,542,172	18,426
Entertainment ✓	153,701	237,522
Commission ✓	3,209,107	1,081,722
Depreciation ✓	9,647,798 ✓	11,281,095
Rent ✓	979,470	286,200
Litigation Expense	-	-
Donation ✓	1,969,068	2,551,690
Miscellaneous ✓	724,862	1,353,990
	111,386,049	84,121,753
23 Expected credit loss ✓		
ECL Brought forward (Note 5.4.1)	41,694,087 ✓	26,749,702
ECL (Charged) Reversed	11,537,806	14,944,385
ECL for the year	53,231,893	41,694,087
24 Income Tax		
Profit(loss) for the year	65,758,304	30,017,493
leave expense	2,446,370	39,078
Depreciation Per Tax LAw	(5,775,107) ✓	11,281,095
Depreciation under IFRS	9,647,798 ✓	(5,633,446)
Severance expense	1,020,525 ✓	11,246,699
Reversal of writedown on inventories	(177,192) ✓	(7,910)
Loss Allowance	11,537,806	14,944,385
Entertainment	153,701	237,522



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NOTES TO THE FINANCIAL STATEMENTS

(Income Tax Continued)

Taxable Income (loss) for the year	84,612,205	62,124,915
Current Tax Income (Expense)	(25,383,661)	(18,637,474)
Deffered Tax Income (Expense)(Note 25)	5,822,708	8,698,513
Tax Expense for the year	(19,560,953)	(9,938,961)

		Restated
	2024	2023
25 Deffred Tax Income (Expense)		
Movment in Deffered Tax Asset	4,499,037	7,869,049
Movment In Deffered Tax Liability	1,323,671	829,464
Deffred Tax Asset (Liability)	5,822,708	8,698,513

26 Key management compensation

Key management has been determined to be the members of Executive Management of the Enterprise. The compensation paid or payable to key management for is shown below.

	2024	2023
Salary and Allowances	7,480,764	3,080,100
Pension	4,603,104	1,519,380
	12,083,868	4,599,480

27 Related parties Transactions

The Enterprise is controlled by Ethiopian Investment Holdings which is a starategic Investment arm of the Government of Ethiopia. Transaction made between the Entity and entities with in the holding are considered as related party transaction. All the transactions made with the related parties are carried out at market value. . The management did assess the business risk that comes along with being dependent on the ultimate Enterprise for the significant amount of the revenue it generates. The management is addressing the risk by looking for ways to broaden its customer base.

28 Events after reporting period

Government Policy Change – Exchange Rate Reg

Subsequent to the reporting period, on 29 July 2024, the government of Ethiopia, announced a major policy shift, moving from a fixed exchange rate regime to a floating exchange rate system. This policy change is expected to have a minimal impact on the enterprise's financial position and operations due to its limited foreign exchange exposure.

Nature of the Event



GHION HOTELS ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

Under the previous fixed exchange rate system, the Birr was pegged to the USD, providing stability in exchange rates for the Enterprise's operations.. The shift to a floating exchange rate is expected to lead to increased volatility in the Birr, which may impact the Enterpris's cash flows, pricing, and financial results, particularly for the following areas:

Cash and Cash Equivalents: The value of the Enterpris's cash balances held in Birr] may fluctuate Moderatly

Revenue from Operations: As the local currency weakens or strengthens, the Enterprise's revenue, which is partly generated in Birr, may be impacted.

Impact on Financial Statements

As the exchange rate shift occurred after the reporting period, it does not adjust the 2023 financial statements. However, the Group has assessed the potential impacts on its financial performance and position for the year 2024 and beyond. While it is difficult to estimate the exact effect due to the unpredictable nature of a floating exchange rate, the Group expects gain on forgene exchange to increase moderatly



GHION HOTELS ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

Restatement of Prior Periods – Severance Payable

1. Nature of the Restatement

During the current period ended June 30, 2024, management identified a miscalculation related to the severance payable liability in previous reporting periods. The error arose because the company only included the short-term portion of the liability, ignoring the long-term severance obligations. This approach failed to account for the long-term severance obligations, resulting in an understatement of severance payable.

In recalculating severance payable, the following factors were incorporated during the current period:

Turnover rate

Salary increment rate

Number of employees

Incremental borrowing rate

Total annual salary paid

These factors better reflect the long-term nature of the severance payable liability, in accordance with IAS 19 – Employee Benefits. The miscalculation in prior periods resulted in an understatement of severance payable and a corresponding overstatement of net income..

2. Impact of the Restatement on Financial Statements

The following financial statements for prior periods have been restated to correct the identified miscalculation. The restatement impacts the comparative figures as follows:

a) Statement of Financial Position: (All Amounts are presented in Birr)

As at 30 June 2023:

Severance payable: previously reported as 4,241,006; restated to 14,524,351.

Total liabilities: previously reported as 144,450,035; restated to 154,733,379.

Retained earnings: previously reported as 65,128,580 restated to 57,930,238.

Deffered Tax Asset: previously reported as 14,480,511; restated to 17,480,511.

b) Statement of Profit or Loss and Other Comprehensive Income:

For the year ended 31 December 2023:

Profit for the year: previously reported as 44,191,415; restated to 36,993,073 due to the additional severance payable expense of 10,283,345 and Additional Deffred Tax Income of 3,085,003.

3. Adjustments to Equity

As a result of the restatement, the opening balances of retained earnings for the year ended 30 June 2023, have been adjusted as follows:

Retained earnings (as at 30 June 2023): previously reported as 65,128,580; restated to 57,930,238.

4. Correction of the Error

The company has corrected this error retrospectively by adjusting the opening balances of retained earnings and severance payable for the earliest period presented, in accordance with IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors."

