

**INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF
TANA MICRO FINANCE INSTITUTION SHARE COMPANY
FOR THE YEAR ENDED JUNE 30, 2024**

Report on the Audit of the Financial Statements

Unqualified Opinion

We have audited the financial statements of Tana Micro finance Institution S.C, which comprise the statement of 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2024 and its financial performance, statement of changes in equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

Basis for Unqualified 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 Accountants (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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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, and for such internal control as management determines is necessary to enable the preparation of the audit 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 audit 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.



Soliyana Kiros Legesse (FCCA)
Certified Audit Firm

Addis Ababa
October 4, 2024



TANA MICRO FINANCE INSTITUTION SHARE COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

Currency: Ethiopian Birr

	<u>Notes</u>	<u>30-Jun-24</u>	<u>30-Jun-23</u>
ASSETS			
Non Current Assets			
Property, Plant and Equipment	5a	13,661,897.53	11,985,110
Leasehold Land	6a	119,191.92	-
Investment of Software	7	1,300,000.00	1,282,700.00
Deferred Tax Assets		-	13,075
Total Non Current Assets		<u>15,081,089.45</u>	<u>13,280,884</u>
Current Assets			
Inventories	8	141,538.93	396,179.02
Loans and Advances- customers	9	105,486,412.03	82,142,520.91
Other Receivables and Prepayments	10	249,823.00	195,338.01
Cash and Cash Equivalents	11	10,248,932.58	10,905,660
Total Current Assets		<u>116,126,706.54</u>	<u>93,639,698</u>
TOTAL ASSETS		<u>131,207,795.99</u>	<u>106,920,582</u>
EQUITY AND LIABILITIES			
EQUITY			
Capital	12	54,110,000.00	54,110,000
Legal Reserve		442,325.41	191,963
Retained Earnings		22,884,362.59	17,491,965
Shareholder Account		9,858,431.00	-
TOTAL EQUITY		<u>87,295,118.99</u>	<u>71,793,928</u>
LIABILITIES			
Non Current Liabilities			
Leasehold Land Payable	6b	108,000.00	-
Deferred Tax Liability	18.4	131,503.25	-
Post Employment Benefits		-	370,783
Total Non Current Liabilities		<u>239,503.25</u>	<u>370,783</u>
Current Liabilities			
Deposit and saving from customers	12	31,168,848.49	25,537,835
Fixed time deposit	14	9,750,823.14	7,488,041
Government payable	15	631,827.95	219,852
Other current liabilities	16	32,629.67	146,410
Short term employment benefits	17.2	326,928.29	165,853
Proft tax payable	19	1,762,116.21	1,197,880.42
Total Current Liabilities		<u>43,673,173.75</u>	<u>34,755,871.09</u>
TOTAL LIABILITIES		<u>43,912,677.00</u>	<u>35,126,654</u>
TOTAL EQUITY AND LIABILITIES		<u>131,207,795.99</u>	<u>106,920,582</u>

The accompanying notes on pages 11 to 38 form an integral part of these financial statements.



TANA MICRO FINANCE INSTITUTION SHARE COMPANY
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

Currency: Ethiopian Birr

	<u>Notes</u>	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Interest Income		20,701,727.38	10,104,062.50
Less; Interest Expense		2,877,264.82	826,130.62
Net Interest Income/(Loss)		17,824,462.56	9,277,932
Add: Service Charge		1,933,080.00	2,941,530.00
Interest Income on saving		44,079.45	1,074,715
Other Income	20	1,148,924.36	929,107
		20,950,546.37	14,223,284
Loan loss reserve provision		351,929.96	-
Net Operating Income		20,598,616.41	14,223,284
General and Administrative Expense	21	14,747,214.12	9,199,217
Profit/(Loss) before tax		5,851,402.29	5,024,066
Tax Income (Expense)		1,906,694.16	1,184,806
Net Profit/(Loss) after tax		3,944,708.13	3,839,260
Other comprehensive income (OCI) net of income tax			
Items that will not be subsequently reclassified into profit or loss:		-	-
Gain on revaluation of property, plant and equipment		-	-
Deferred tax asset (liability) on revaluation gain		-	-

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TANA MICRO FINANCE INSTITUTION SHARE COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

Currency: Ethiopian Birr

	<u>Paid Up Capital</u>	<u>Legal Reserve</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at 30 June 2022	54,110,000		13,484,737	67,594,737
Pror period adjustment	-	-	359,931	359,931
Net Profit for the year	-	-	3,839,260	3,839,260
Transferred to legal reserve	-	191,962.98	(191,962.98)	-
Balance at 30 June 2023	54,110,000	191,963	17,491,965	71,793,928
Prior period profit tax adjustment	-	53,127.02	1,184,805.71	1,237,933
Opening Balance IFRS adjustment	-		(38,557.76)	(38,558)
Prior Period Annual leave and severance adjustment	-		498,677.37	498,677
Net Profit/(Loss) for the year	-	-	3,944,708.13	3,944,708.13
Transferred to legal reserve	-	197,235.41	(197,235.41)	(197,235.41)
Balance at 30 June 2024	<u>54,110,000.00</u>	<u>442,325.41</u>	<u>22,884,362.59</u>	<u>76,994,362.59</u>

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TANA MICRO FINANCE INSTITUTION SHARE COMPANY
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2024

Currency: Ethiopian Birr

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Cash flows from operating activities		
Profit before income tax	5,851,402.29	5,024,066
Prior period and opening balance adjustment	1,698,052.35	(33,230)
Adjustments for non- cash items:		
Depreciation of property, plant and equipment	510,980.29	462,324
Leasehold land amortisation	808.08	-
Loan Loss Provision	351,929.96	-
Changes in working capital:		
(Increase)/Decrease in inventory	254,640.09	(396,179)
(Increase)/Decrease in Loans and Advances	(23,695,821.87)	(82,240,135.00)
(Increase)/Decrease Other Receivables and Prepayments	(54,484.99)	2,270,848
Increase/(Decrease) Change in Deposit from customers	5,631,013.64	25,537,835
Increase/(Decrease) in government payable	411,976.38	186,123
Increase/(Decrease) in fixed time deposit	2,262,782.55	7,488,040.59
Increase/(Decrease) in Short term employment benefits	(209,708.37)	536,636
Increase/(Decrease) in Other current liabilities	(113,780.64)	128,410
	<u>(7,100,210.25)</u>	<u>(41,035,261)</u>
Less: Tax Paid	(1,197,880.42)	-
Net cash inflow from operating activities	<u>(8,298,090.67)</u>	<u>(41,035,260.53)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,187,768.22)	(1,701,532)
Lease hold land paid	(12,000.00)	-
Investment	(17,300.00)	(1,282,700)
Net cash outflow from investing activities	<u>(2,217,068.22)</u>	<u>(2,984,232)</u>
Cash flows from financing activities		
Shareholder Account	9,858,431.00	-
Net cash outflow from financing activities	<u>9,858,431.00</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(656,727.89)	(44,019,493)
Beginning Cash and cash equivalents	10,905,660.47	54,925,152
Ending Cash and cash equivalents	<u>10,248,932.58</u>	<u>10,905,660</u>

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