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Authorized Accountants and Auditors
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December 29, 2020
Ref.No: TAY/263/13

**Federal Urban Job Creation & Food Security Agency
Women Entrepreneurship Development Project
Grant Number IDA Credit No. 5112 ET
Addis Ababa**

Dear Sirs,

MANAGEMENT LETTER

In accordance with our usual practice we report weaknesses observed on accounting and internal control system of our clients. However, during our audit of your account for the year ended 7 July 2020 no material reportable instances have come to our notice.

Accordingly, we confirm that we did not issue management letter (Internal Control Memorandum) with regards to audit of your account for the year ended 7 July 2020.

If you need any further information, please don't hesitate to contact us.

Finally, we would like to thank all the staff members and management of the Federal Urban Job Creation & Food Security Agency Women Entrepreneurship Development Project Grant Number IDA Credit No.5112 ET for the support and cooperation accorded to us during the course of our audit.

Yours faithfully,

TAY Authorized
Accountant



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

**FEDERAL URBAN JOB CREATION & FOOD SECURITY
AGENCY WOMEN ENTREPRENEURSHIP DEVELOPMENT
PROJECT GRANT NUMBER IDA CREDIT NO.5112 ET**

AS AT AND FOR THE YEAR ENDED 7 JULY 2020

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Authorized Accountants & Auditors

Addis Ababa, Ethiopia

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF FEDERAL URBAN JOB CREATION & FOOD SECURITY AGENCY WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT GRANT NUMBER IDA CREDIT NO.5112 ET

Opinion

We have audited the accompanying financial statements of Federal Urban Job Creation & Food Security Agency Women Entrepreneurship Development project Grant Number IDA Credit No.5112 ET, which comprise statements of financial position as at 07 July 2020, statements of source and uses of fund, and a summary of significant accounting policies and other explanatory notes for the year then ended. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Federal Urban Job Creation & Food Security Agency Women Entrepreneurship Development project Grant Number IDA Credit No.5112 ET. as at 07 July 2020, its financial performance and Operating result for the year then ended in accordance with the accounting policy of the Project.

In addition, with respect to the statement of expenditure submitted during the year ended 7 July 2020, in our opinion.

- a. The statements, together with the procedures and initial control involved in their preparation, can be relied up on to support the relevant withdrawals,
- b. Adequate supporting documentation has been maintained to support claims to IDA for reimbursements of expenditures incurred: and
- c. Expenditures are eligible for financing under IDA Credit No.5112 ET

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the international Ethics Standards Board for Accountants' code of Ethics for Professional 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.

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 policy of the Project, and for such internal control as management determines is necessary to enable the preparation of a project report that is free from material misstatement, whether due to fraud or error.

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF FEDERAL URBAN JOB CREATION & FOOD SECURITY AGENCY WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT GRANT NUMBER IDA CREDIT NO.5112 ET

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Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the project report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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


TAY Authorized
Accountants & Auditors



Addis Ababa
December 29, 2020

**FEDERAL URBAN JOB CREATION & FOOD SECURITY AGENCY
 WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT
 GRANT NUMBER IDA CREDIT NO.5112 ET
 BALANCE SHEET
 AS AT 07 JULY 2020**

CURRENCY: ETHIOPIAN BIRR

		<u>2020</u>	<u>2019</u>
CURRENT ASSET	<u>Notes</u>		
Receivable	5	830,970.47	1,514,072.12
Cash at bank	6	3,279,474.54	263,272.15
		<u>4,110,445.01</u>	<u>1,777,344.27</u>
CURRENT LIABILITIES			
Creditors and accruals	7	-	32,512.27
Net current Asset		<u>4,110,445.01</u>	<u>1,744,832.00</u>
REPRESENTED BY:			
Fund Balance	8	<u>4,110,445.01</u>	<u>1,744,832.00</u>



FEDERAL URBAN JOB CREATION & FOOD SECURITY AGENCY
 WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT
 GRANT NUMBER IDA CREDIT NO.5112 ET
 STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 7 JULY 2020

CURRENCY: ETHIOPIAN BIRR

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
SOURCES			
IDA Credit			
SOE procedures	9	-	-
Gain on Exchange		239,945.97	49,583.97
IDA Credit		16,545,635.50	14,942,333.73
		<u>16,785,581.47</u>	<u>14,991,917.70</u>
USES			
Entrepreneurial Skills, Technology and cluster Development	10	6,530,630.00	9,302,216.07
Project Management, Advocacy and outreach, monitoring and evaluation and impact Evaluation	11	7,889,338.46	8,528,776.14
		<u>14,419,968.46</u>	<u>17,830,992.21</u>
EXCES OF SOURCE OVER USES / (USES OVER SOURCE)		<u>2,365,613.01</u>	<u>(2,839,074.51)</u>



**FEDERAL URBAN JOB CREATION & FOOD SECURITY AGENCY
WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT
GRANT NUMBER IDA CREDIT NO.5112 ET
NOTES TO THE ACCOUNT
FOR THE YEAR ENDED 7 JULY 2020**

1. ESTABLISHMENT OF THE AGENCY

Federal Urban Job Creation and Food Securities Agency was established as per the Council of Ministers Regulation 374/2016.

2 OBJECTIVE OF THE AGENCY

The Agency established with the following objectivities:-

- a) To improve the livelihood of citizen who are unable to work or able to work but unemployed due to different conditions and live under poverty line; based on the principles of urban job creation and food security ,by providing developmental safety net support to citizen sustainably and ensure their food security.
- b) To support and coordinate institutions assisting the micro enterprises and small enterprises do not fall under the manufacturing sector to make them competitive, sustainable and strong foundation industrial development.
- c) To promote and develop micro enterprises and small enterprises do not fall under the manufacturing sector engaged in urban agriculture ,construction ,trade and services sectors with a view to make these sectors competitive ,sustainable and thereby create employment opportunities in the urban center ,improve their income and create fair resource distribution
- d) To ensure balanced nutritional security of citizens.

3 Background of the project

Financing agreement was signed on 12 June 2012 between the Federal Democratic Republic of Ethiopia and the International Development Association (IDA) according to which SDR 32,200,000 (Thirty-two million two hundred thousand) is available in the form of credit to implement the activities of the Women Entrepreneurship Development project, under credit agreement No 5122-ET.The project is implemented through Ministry of Urban Development and construction (MoUD &C) National project management team (NPMT) is established with in the Federal Micro and Small Enterprise Development Agency (FeMSEDA) under the MoUD &C . MoUD &C , FeMSEDA , NPMT, Development Bank of Ethiopia (DBE) and other sub national administration selected for the execution of the project and implementing project activities. The objective of the project is to increase the earning and employment of Micro and small enterprises (MSEs)fully or partially owned by female entrepreneurs in the targeted cities.

4. Accounting policies

The principal accounting policies adopted by the project are set out below. These policies have been consistently

a. Basis of presentation

These financial statements have been prepared in accordance with cost convention

b. Currency

Transactions in foreign currency are converted to Birr at the exchange rate ruling at the date of the transaction. Cash

c. Basis of accounting

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

d. Fixed Asset

Fixed Assets are treated As project Expenditure at the time of Purchase without applying the rule of Depreciation.



**FEDERAL URBAN JOB CREATION AND FOOD SECURITY AGENCY
WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT
GRANT NUMBER IDA CREDIT NO.5112
STATEMENT OF DESIGNATED ACCOUNT
FOR THE YEAR ENDED 7 JULY 2020**

For the year ended	7-Jul-20
Account Number	100751300078(0261501394100)
Depository bank	National bank of Ethiopia
Address:	Addis Ababa, Ethiopia
Related Grant	IDA CREDIT NO.5112
Currency	USD

	<u>2020</u>	<u>2019</u>
Balance as of 8 July 2019	-	64,610.67
Add:- World Bank Replenishment (withdrawal)	537,773.93	533,418.93
Amount Transferred from World Bank during the period	-	-
Other Deposit	-	-
	<hr/> 537,773.93	<hr/> 598,029.60
Less:- Expenditure During the period	-	-
Transferred to birr Account	499,453.35	598,029.60
	<hr/> 499,453.35	<hr/> 598,029.60
 Balance as of 7 July 2020 for IDA	 <hr/> 38,320.58	 <hr/> -



**FEDERAL URBAN JOB CREATION & FOOD SECURITY AGENCY
WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT
GRANT NUMBER IDA CREDIT NO.5112 ET
NOTES TO THE ACCOUNT
FOR THE YEAR ENDED 7 JULY 2020**

CURRENCY: ETHIOPIAN BIRR

5. Advance to Regions&Staff receivable

	<u>2020</u>	<u>2019</u>
Advance to Addis Ababa COFED	48,252.27	818,063.59
Advance to Mekelle COFED	72,167.96	93,412.46
Advance to Gonder COFED	48,969.52	11,496.41
Advance to Assela COFED	94,051.61	68,706.89
Advance to Dilla COFED	37,246.05	13,021.70
Advance to Axum COFED	24.15	167.31
Advance to Bahir Dar COFED	114.25	106.14
Advance to Adama COFED	76,338.86	38,422.15
Advance to Dere Dawa COFED	90,479.50	175,121.32
A/R-Gonder TVET College	62,497.50	62,497.50
Advance to Hawassa CoFED	10,840.40	8,065.65
A/R-Dilla TVET College	62,497.50	62,497.50
A/R-Addis ketema Indus.college	32,498.70	32,498.70
A/R-Lideta Manufacturi.college	32,498.70	32,498.70
A/R-Yeka Indus.college	32,498.70	32,498.70
A/R-Gofa Indus.college	32,498.70	32,498.70
A/R-Bole Manufacturing college	32,498.70	32,498.70
A/R-Arada Manufacturing Colleg	32,498.70	-
A/R-Kirkos Manufacturing Colleg	32,498.70	-
	<u>830,970.47</u>	<u>1,514,072.12</u>

6. Cash and Bank Balance

	<u>2020</u>	<u>2019</u>
NBE-0100751300078	1,342,818.27	-
NBE-0100751040010	1,936,656.27	263,272.15
	<u>3,279,474.54</u>	<u>263,272.15</u>

7. Creditors and Accruals

	<u>2020</u>	<u>2019</u>
VAT Payable	-	28,687.30
Withholding tax payable	-	3,824.97
Other Payables with Governments	-	-
	-	<u>32,512.27</u>



**FEDERAL URBAN JOB CREATION & FOOD SECURITY AGENCY
WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT
GRANT NUMBER IDA CREDIT NO.5112 ET
NOTES TO THE ACCOUNT
FOR THE YEAR ENDED 7 JULY 2020**

CURRENCY: ETHIOPIAN BIRR

8 Fund Balance

	<u>2020</u>	<u>2019</u>
Opening Balance	1,744,832.00	4,583,906.51
Add: Result of Current year	2,365,613.01	(2,839,074.51)
	<u>4,110,445.01</u>	<u>1,744,832.00</u>

9 SOE Procedure

	<u>2020</u>	<u>2019</u>
Withdrawal application IDA	-	-

10 Entrepreneurship Skills, Technology and cluster Development

	<u>2020</u>	<u>2019</u>
Stationery & office supplies	1,283,100.65	956,224.09
Contractual professional Service	60,000.00	90,000.00
Training	2,723,343.54	3,389,338.65
Fuel & lubricants	68,532.46	46,432.45
Repair and maintenance	43,232.75	12,900.00
Periderm	1,045,477.92	1,298,515.80
Telephone Expense	840,911.27	1,367,197.40
Rent	189,700.00	307,230.00
Transportation	89,307.00	267,794.00
Entertainment	5,938.41	258,250.89
Service Charge	8,596.00	391.00
Loading & unloading	4,200.00	300.00
Advertising	-	1,307,641.79
Purchase of machinery	168,290.00	-
	<u>6,530,630.00</u>	<u>9,302,216.07</u>



**FEDERAL URBAN JOB CREATION & FOOD SECURITY AGENCY
WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT
GRANT NUMBER IDA CREDIT NO.5112 ET
NOTES TO THE ACCOUNT
FOR THE YEAR ENDED 7 JULY 2020**

**11 Project Management, Advocacy and outreach, Monitoring and evaluation and impact
Evaluation.**

CURRENCY: ETHIOPIAN BIRR

	2020	2019
Salaries & related benefit	5,981,083.85	5,508,555.30
Stationery & office supplies	65,911.71	164,898.82
Publication	220.00	527,971.59
Medical Supplies	42,801.09	75,570.41
Fuel & lubricants	200,000.00	50,950.00
Periderm	139,119.46	168,547.34
Transportation	115,642.40	46,870.00
Entertainment	63,962.18	49,574.44
Repair and maintenance	182,341.18	200,436.78
Contractual professional Service	63,940.00	57,960.00
Rent	556,275.85	532,260.00
Advertisement	6,325.00	297,555.35
Insurance	37,913.07	43,891.92
Loading & unloading	3,185.00	400.00
Service Charge	93,164.52	56,228.22
Telephone Expense	3,487.69	2,399.14
Training	303,443.01	708,698.30
Purchase of machinery	22,122.48	13,752.50
Miscellaneous expense	8,399.97	22,256.03
	7,889,338.46	8,528,776.14

