LOVE FOR CHILDREN AND FAMILY DEVELOPMENT CHARITABLE ORGANIZATION

AUDITOR'S REPORT AND ACCOUNT'S FOR THE YEAR ENDED 07 JULY 2020

UNOFFICIAL COPY

SOLOMON ESHETE
Chartered Certified Accountants-UK
Authorized Auditors in Ethiopia
5 KILO MEKANYESUS BUILDING
3RD FLOOR OFFICE No. 307/308/302
P.O.BOX 31003, TEL. +251911404989/011-1-111479
Fax;-+251-11-1-111463
E mail sol2000e@yahoo.com/ solomonesheteco@ethionet.et
Website;-www.solomonesheteauditors.com
ADDIS ABABA, ETHIOPIA

LOVE FOR CHILDREN AND FMAILY DEVELOPMENT CHARITABLE ORGNIZATION

CONTENTS

FOR THE YEAR ENDED 30 JUNE 2020

Statement of Managements' responsibilities	1
Independent auditor's report	2-3
Statement of financial position	4
Statement of financial performance	5
Statement of changes in net assets/equity	6
Statement of cash flows	7
Notes to the financial statements	8-21

LOVE FOR CHILDREN AND FAMILY DEVELOPMENT CHARITABLE ORGNAIZATION
REPORTS AND ANNUAL FINANCIAL STATEMENTS
REPORT OF THE MANAGEMENT
FOR THE YEAR ENDED 30 JUNE 2020

The Management submit their report together with the financial statements for the year ended June 30,2020 which show the state of the organization's affairs.

Background information

Love for Children and Fmaily Development Charitable Orgnization(LCFDCO) is an indignous, non-politial, non-relgious, non-profit humanitarian and development oriented orgnization working in Ethiopia for the well-being of Deprived, Exclude and Vulnerable Children. LCFDCO was re-registered and licensed by the Agency for Civil Society Organization in accordance with the Civil Society Organizations Proclamation No. 1113/2019 starting from September 27,2019. The Orgnization main offices is found in Addis Ababa city administration, Nefas Silk Lafto Sub City Woreda 2 in front of Woreda 2 Administration office around Mekanisa.
Love for Children and Family Development Charitable orgnizaton directly benefit to more than 15,000.00 children through sponsorship and grant fund. Currently the orgnization operates in two sub cities namely Kolfe Keranio and Nifas Silk Lafto of Addis Ababa City Administration with the overall objective to help Deprived , Excluded and Vulnerable(DEV) children have the capacity to become Young adults, parents and leaders who bringing lasting and postive change in their communities.

Principal Activities

The principal activity/mission of the organization is designs, implements, and evaluates programs to improve education, health, and economic opportunity worldwide, with a focus on vulnerable and underserved populations.

The overall objective of the organization is to help deprived, excluded and vulnerable children who have the capacity to become young adults, parents and leaders who brings lasting and positive change in their communities

Results

The results of the organization for the year ended June 30,2020 are set out on page 9

Management

The management who serve during the year are set out on page 3.

Country Representative
Addis Ababa, Ethiopia

Tel +251-911-40 49 89
+251-111-11 14 79
Fax.+251-111-11 14 63

ሰለሞን እሸቴ
የተመሰከረላቸው የሒሳብ አዋቂዎች
የተፈቀደላቸው አዲተሮች በኢትዮጵያ
Solomon Eshete
Chartered Certified Accountants-UK
Certified Auditors in Ethiopia

P.O.Box 31003
Addis Ababa
Ethiopia

INDEPENDENT AUDITOR'S REPORT
LOVE FOR CHILDREN and FAMILY DEVELOPMENT ORGANIZATION

Opinion

We have audited the financial statements of Love for Children and Family Development Organization, which comprise the statement of financial position as at 07 July 2020 and the statement of 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, except for the effects of the matter described in the Basis for Opinion paragraph below, the accompanying financial statements present fairly, in all material respects, the Financial Position of the Love For Children and Family Development Organization as at 07 July 2020 and (of) its financial performance and its cash flows for the year then ended in accordance with **International Public Sector Accounting Standard (IPSAS)**.

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 Organization 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.

The organization accounting policy state that fixed assets above Birr 50,000.00 is recognized as Property, Plant and Equipments account of the organization and any fixed asset purchased below Birr 50,000 is directly expenses, in our opinion compared to the organization nature and size this fixed asset recognition limit isn't fairly show the organizations fixed asset on the financial position of the organization.

5 Kilo,In Front of Technology Facuilty,Mekane Eyesus Building,3rd Floor,Office No.307/308/302
E-mail:-solomonesheteco@gmail.com / sol12000e@yahoo.com

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with **IPSASs**, 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 organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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.



Solomon Eshete Negash, FCCA
Chartered Certified Accountants-UK
and Authorized Auditors in Ethiopia

02 November 2020
Addis Ababa,
Ethiopia





LOVE FOR CHILDREN AND FAMILY DEVELOPMENT CHARITABLE ORGNAIZATION

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR 30 JUNE, 2020

Currency;-Ethiopian Birr

	Note	2019
Revenue from non-exchange transactions		
Donation	4	20,177,075
Cost Sharing(In Kind)		1,336,925
Total revenue		**21,514,000**
Expenses		
Program Cost	5.1	17,252,447
Total Program expenses		**17,252,447**
Administrative Expense	6	3,963,585
Impairment loss		
Total Administrative expense		**3,963,585**
Total Expense		**21,216,032**
Surplus/ deficit for the period		**297,968**

Authorized Auditors
SOLOMON ESHETE & Co.
CHARTERED CERTIFIED ACCOUNTANTS-UK
Accounting and auditing Board of Ethiopia
No.6
0118861286
0111541235
Original Copy Submitted to the board
Love for Children and Family Development Charitable Organization

LOVE FOR CHILDTEN AND FAMILY DEVELOPMENT CHARITABLE ORGNIZATION

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

Currency;-Ethiopian Birr

	Note			2018
Assets				
Current assets				
Cash and cash equivalents	9	1,821,372		1,353,475
Receivables from non-exchange transactions	10	225,908		363,994
Account receivable (Child fund)		6,520		13,256
Prepayments		244,681		-
Inventories		416,134		-
			2,714,615	**1,730,725**
Non-current assets				
Property, plant and equipment	8	-		-
Investments				-
Investment property		-		-
			-	-
Total assets			**2,714,615**	**1,730,725**
Liability and Net asst				
Current liabilities				
Payables	15		152,548	111,947
			152,548	**111,947**
Non-current liabilities				
Employee benefit obligation	14	432,946		306,792
Provisions		-		-
			432,946	**306,792**
Total liabilities			**585,494**	**418,740**
Accumulated surplus		2,129,121		1,311,985
Total net assets			**2,129,121**	**1,730,725**
Total net assets and liabilities			**2,714,615**	**1,730,725**

Authorized Auditors
SOLOMON ESHETE & Co.
CERTIFIED ACCOUNTANTS
Accounting and auditing Board of Ethiopia
0118861286
0111541235
Original Copy Submitted to the board

LOVE FOR CHILDTEN AND FAMILY DEVELOPMENT CHARITABLE ORGNIZATION

CHANGE IN NET ASSE/ EQUITY FOR THE YEAR

FOR THE YEAR 30 JUNE 2020

Currency;-Ethiopian Birr

	Contribution capital/Fund balance	reserve	Translation reserve	Accumulated surplus/ Deficit	Total Net Asset/ Equity
Balance as at July1,2019		-	-	1,311,985	1,311,985
Change in accounting policy restated balance				519,168	519,168
Change in net asset/ equity Balance 2019	-			1,831,153	1,311,985
Gain in revaluation of PPE	-	-	-	-	-
Surplus for the period				297,968	297,968
Balance as at 30 June 2020		-	-	**2,129,121**	**1,609,953**

Authorized Auditors
SOLOMON ESHETE & Co.
CHARTERED CERTIFIED ACCOUNTANTS-UK

Accounting and auditing Board of Ethiopia
No.6
0118861296
0111541235
Original Copy Submitted to the board

LOVE FOR CHILDREN AND FAMILY DEVELOPMENT CHARITABLE ORGNIZATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

Currency: Ethiopian Birr

		July 1,2019
Cash flow from Operating Activity		
Deficit/ Surplus for the year		297,968
Adjustment to reconcile Deficit/Surplus to net cash provided by operating activities		
Depreciation		-
Changes in Asset		
Decreases in Receivable - Non exchange Transaction		(144,822)
Prepayments		162,212
Decreases in other current Asset, net		**315,358**
Change in Liabilities, net Asset/Equity		
Decreases in Payables	40,601	
Employee benefit obligation	126,153	
Decreases in Account payable and Accrued liabilities		**166,754**
Net Cash Flows (Used in) operating Activates		**482,113**
Cash flow from Investing Activities		
Purchases of Property, Plant & Equipment	(14,216)	
Net Cash flow from Investing Activities		**(14,216)**
Cash flow from financing Activities	-	
Net cash flow from financing Activities		-
Net Increases in Cash and cash equivalent		**467,897**
Cash and Cash equivalents- Beginning of the year		**1,353,475**
Cash and Cash equivalents- End of the year		**1,821,372**

Authorized Auditors
SOLOMON ESHETE & Co.
CHARTERED CERTIFIED ACCOUNTANTS-UK

Accounting and auditing Board of Ethiopia
ቁ.6
01188612B6
01115412B5
Original Copy Submitted to the board

Love for Children and Family Development Charitable Organization

LOVE FOR CHILDREN AND FAMILY DEVLOPMENT CHARIABLE ORGNIZATION
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1. Company information

LOVE FOR CHILDREN AND FAMILY DEVELOPMENT CHARITABLE ORGNIZATION is a registered Ethiopian residence Civil Society Organization established in July/29/2010 with major objectives to contribute the Addis Ababa City Administration effort in reducing the experience of deprived, excluded and vulnerable Children, Youth and their families through sustainable development intervention.
The organization started its service with limited human, material and financial resource in 2010 in Addis Abeba City Administration Kolfe Keranio and Nifas Silk Lafoto Subcities wher most of one of the people are disabled and suffer from leprosy, TB, HIV/AOIDS and abject poverty. LCFDCO is an indigenous, non-governmental organization re-registered and licensed by Civil Society Organizations in accordance with the Civil Society Oreganization Proclamation No. 1113/2019

2. Significant accounting Policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Standards Board (IPSASB).

For all periods up to and including the year ended 30 June 2019 the Charity prepared its financial statements in accordance with local generally accepted accounting principles (Local GAAP). These financial statements for the year ended 30 June 2020he first the Charity has prepared in accordance with IPSAS Accrual .

The financial statements have been prepared on a historical cost basis, except for all property, plant and equipment, which has been not revalued and taken as deemed cost for the purposes its opening IPSAS statement of financial position dated 1 July 2019 . The charity take the exemption of IPSAS 33 Paragraph 36 relief and subsequently will measure and take as deemed cost before the relief period elapse.

Items included in the financial statements are measured using the currency of the primary economic environment in which the organization operates ('the functional currency'). The financial statements are presented in Ethiopian Birr ("ETB") which is the Charity's functional currency.

These financial statements were prepared on the assumption that the Organization is a going concern and will continue in operation and will meet its mandate for the foreseeable future (IPSAS 1). The Governing Bodies of the Organization have not communicated any intention to terminate the Organization or to cease its operations.

In accordance with IPSAS 1, a complete set of financial statements has been prepared as follows:

a. Statement of Financial Position
b. Statement of Financial Performance
c. Statement of Changes in Net Assets
d. Cash Flow Statement
f. Notes, comprising a summary of significant accounting policies and other relevant information.

In compliance with IPSAS 1, paragraph 28, Except Property plant and equipment that was not revalued and take as deemed cost ,the Charity has fully adopted IPSAS.

2.2 Summary of significant accounting policies

The following are the significant accounting policies applied by the Charity in preparing its financial statements:

a) Revenue from non-exchange transactions

The Charity recognizes revenues from Donation, Contribution and membership fees when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non- exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Charity and the fair value of the asset can be measured reliably.

b) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses after recognizing the PPE in the financial position as deemed cost and acquired and capitalized in the period of relief . Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Charity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non- exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets including those Property, plant and equipment which are stated at Revalued amounts and used as a deemed cost at opening IPSAS Financial Position date (30 JUNE 2019). For those items that are not revalued and assets that are acquired after translation date, their useful life is determined by management based the pattern and the manner in which it has intended to use those assets.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item:	Average useful
Machinery & plant	10 Years
Buildings	50 Years
Vehicle	10 Years
Motor vehicles	20 Years
Office equipment	10 Years
Computer equipment	4 Years

Transitional provision is applied in the initial recognition of Property, Plant, and Equipment (PP&E) which were purchased or donated before 1 July 2019. Assets acquired prior to 1 July 2019 were expensed at the date of purchase and were not recognized as assets.

a) Financial instruments

i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to- maturity investments or available-for-sale financial assets, as appropriate. The Charity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Charity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Charity assesses at each reporting date whether there is objective evidence that a financial asset or a Charity of financial assets is impaired. A financial asset or a Charity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Charity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

Ø Default or delinquency in interest or principal payments

Ø The probability that debtors will enter bankruptcy or other financial reorganization

Ø Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Charity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

d) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

* Raw materials: purchase cost using the weighted average cost method

* Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Society.

e) Provisions

Provisions are recognized when the Charity 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 or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Charity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Charity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Charity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Charity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

f) Changes in accounting policies and estimates

The Charity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

g) Employee benefits

The Charity provides retirement benefits for its employees . Defined contribution plans are post employment benefit plans under which a Charity pays fixed contributions into a separate Entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued annually on the projected unit credit method basis or other applicable simplified methods depend on the charity materiality. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

h) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the spot rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

i) Related parties

The Charity regards a related party as a person or a Charity with the ability to exert control individually or jointly, or to exercise significant influence over the Society, or vice versa. Members of key management are regarded as related parties and comprise the board members, manager and senior managers.

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the charity bank account and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash impress and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

k) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

l) Significant judgments and sources of estimation uncertainty

The preparation of the Charity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

m)Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Charity based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Charity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

n)Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- Ø The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- Ø The nature of the processes in which the asset is deployed
- Ø Availability of funding to replace the asset Changes in the market in relation to the asset

o)Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions .

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

p) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2019.

Q) First-time adoption of IPSAS

These financial statements, for the year ended June 30, 2020, are the first the Charity has prepared in accordance with IPSAS. For periods up to and including the year ended June 30,2019, the Charity prepared its financial statements in accordance with local generally accepted accounting principle (Local GAAP).

Accordingly, the Charity has prepared financial statements that is not fully comply with IPSAS applicable as at June 30, 2020due to the standard give relief to not recognize PPE, as described in the summary of significant accounting policies. In preparing the financial statements, the Charity opening statement of financial position was prepared as at June 30,2019, the charity date of transition to IPSAS. This note explains the principal adjustments made by the Charity in restating its Local GAAP financial statements, including the statement of financial position as at June 30,2019

Exemptions applied

IPSAS 33 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IPSAS.

The Charity has applied the following exemptions:

According to IPSAS 33 , Para 36 Where The charity has not recognized Property, plant and equipment under its previous basis of accounting, it is not required to recognize and/or measure the following PPE for reporting periods beginning on a date within three years following the date of adoption of IPSASs. The charity take transitional exemption and provision of property, plant and equipment, which has significant amount but did not recognized in the transition period of July1 2019 opening financial position, this exception will affect the fair presentation of financial statement. The charity will recognize all ppe in the next reporting period by revalue the asset and will take as deemed cost.

Deemed cost — Previous GAAP revaluation

Comparative Information

The first time adopter do not required but encourage to present comparative information in its first IPSAS financial statement. The Charity elect not to present comparative information as a first time adopter its first financial statement. In subsequent period it will provide comparative information as required by IPSAS 1.

Currency: Ethiopian Birr

2.3 First-time adoption of IPSAS Continued

Reconciliation of Net Asset as at 1 July,2019 (date of translation to IPSAS)

	LOVE GAAP 01,2019	REMEASUREMENT/ Reclassification	IPSAS As at 1 July,1019
Assets Current assets			
Cash and cash equivalents	1,353,475		1,353,475
Receivables from non-exchange transactions	377,250		377,250
Inventories	-		-
	1,730,725	**-**	**1,730,725**
Non-current assets			
Property, plant and equipment			-
Investments	-		-
Investment property	-		-
	-	-	-
Total assets	**1,730,725**	**-**	**1,730,725**
Liabilities Current liabilities			
Income tax payable	65,875		65,875
Withholding tax payable	4,632		4,632
Provident payable	1,387		1,387
Pension payable	36,177		36,177
Othe payable	3,876		3,876
	111,947	**-**	**111,947**
Non-current liabilities		-	
Employee benefit obligation	**306,792**		306,792
Provisions	-	-	-
	306,792	-	306,792
Total liabilities	**418,740**	**-**	**418,740**
Net assets	**1,311,985**		**1,311,985**
Reserves	-	-	-
Accumulated surplus	1,311,985	-	1,311,895
Total net assets and liabilities	**1,730,725**		**1,730,725**

Authorized Auditors
SOLOMON ESHETE & Co.
CHARTERED CERTIFIED ACCOUNTANTS
Accounting and auditing Board of Ethiopia
0118861296
0111541235
Original Copy Submitted to the Board
Love for Children and Family Development Charitable Organization

Currency: Ethiopian Birr

3. Significant accounting judgements, estimates and assumptions

The preparation of the Charity's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

Judgements

In the process of applying the Charitys' accounting policies, management has not encountered any situation that calls for any a significant judgements, which have significant effect on the amounts recognized in the financial statements:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Charity based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to circumstances arising beyond the control of the charity. Such changes are reflected in the assumptions when they occur.

Employee termination benefit

The cost of post employment benefit and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, and employee turnover rates . Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a post employment benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the salary increment rate and date of employee termination. In determining the appropriate salary increment rate, management has taken historical data and estimated rate of salary increment using growth rate calculation formula.

Currency: Ethiopian Birr

4 Revenue

The following are analysis of the Charities' revenue for the year

Foreign sources	
Revnu from sponsorship Fund	8,039,410
Revenu from Non Sponsorship Fund	571,859
Revenu from PEF	615,654
Revenu From Child DFC	1,041,768
Grante USAID Income (CVC)	6,184,221
Grant USAID-Income (OTA)	3,724,163
	20,177,075
Local Sources	
Revenu from community contribution	1,226,442
Revenu from Government Contribution	27,250
Revenu from Maching fro FCH/360	83,233
	1,336,925
Total Revenue	**21,514,000**

Authorized Auditors
SOLOMON ESHETE & Co.
CHARTERED CERTIFIED ACCOUNTANTS-UK

4.1 Source of Revenue from non exchange transaction

Income from Bank service charge other revenue from voluntaries contributiption in Kind and in cash to support the Charity objective. the revenue was not stipulated any condition so that, it was recognized as asset and as a revenue.

Accounting and auditing Board of Ethiopia
0118861286
0111541235
Original Copy Submitted to the board
Love for Children and Family Development Charitable Organization

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2020

5 Expenses

5.1 **Program Expenses**

Salary program staff	4,334,121
Training	3,975,745
Medication fees	89,549
DFC paid	1,047,066
Financial support	2,240,576
Supplimentary food	88,479
Material support/utencils,clea	916,334
CPR/CVS	50,998
Scholastic materials	873,956
Letter writing center construc	13,398
Community based care giv trans	1,326,693
Ttansport	14,970
Office rent	43,200
Start up capital	41,600
M & E	11,374
Support HH Packeging material	84,350
Entertainment,table tennis	187,104
Formation of facilitybasedVSLA	392,487
Data collection	62,540
Conduct adolescent girl mentor	166,200
Develop&mentorperformance HIV	26,643
M & E	11,374
Cost sharing scolastic material & training costMaterial support(In kind)	1,253,692
Total Program Expense	**17,252,447**

Authorized Auditors
SOLOMON ESHETE & Co.
CHARTERED CERTIFIED ACCOUNTANTS-UK

6 Administrative Expense

Salary & Benefit support staff	2,854,921
Stationary,priniting&coping	419,447
Repair & Maintenance vehicle	81,666
Insurance	4,421
Internet,Fax,telephone	242,496
Fixed Asst	
Postage,shiping & freight	340
Uniform & clothing	3,260
Staff training	83,855
Fuel & Lubricants	20,511
Office Equipment accessories	17,071
Cleanining & Sanitation	24,552
Audit fee	27,600
Legal fee	33,000
Membersheep	10,000
Bank service charge	1,400
Utilities (Water & Electricity	63,739
Miscellaneous expenses	75,306
Total Administration expenses	**3,963,585**



7 Finance cost

Interest on bank loans	-





Currency: Ethiopian Birr

8 PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixture and equipment	Computer and accessories	Total
At 1 January 2018	-	-	
Additions			-
Disposal		-	-
	-	-	-
At 31 December 2019	**0**	**0**	**0**
DEPRECIATION			
At 1 January 2018	**0**	**0**	**0**
Charge for the year	-	-	-
Disposal	-	-	-
At 31 December 2019	**0**	**0**	**0**
NET BOOK VALUE			
At 31 December 2019	**0**	**0**	**0**

8.1 . Disclosures OF PPE

Except computer and furniture purchased during 2019 financial year All property, plant and equipment that was expensed when purchased before 2018 financial year is not recognized in the period of transition to IPSAS. The Charity elect to use the three years transitional provisional relief. The assets that was registered in the asset registration list is very significant amounted estimate at the acquisition cost is about 50,000.00 birr. This will affect the fair presentation of the financial statement of the charity.

This asset will be revalued in the next financial years before the relief period elapsed. When the asset revalue by the current fair value the charity recognize as deemed cost in the financial statement.

Currency: Ethiopian Birr

9 Cash and cash equivalents

	2020	2019
Cash at banks	1,821,370.82	1,353,475.08
Cash on hand	-	
Cash and cash equivalents	**1,821,371**	**1,353,475**

9.1 Cash at banks earns interest at floating rates based on daily bank deposit rates.

10 Receivable from non exchange transactions

	2020	2019
Advance and prepayment	244,681	205,976
Prepaid Life/Medical Insurance	225,907.61	158,017.39
Total financial assets	**225,908**	**363,994**
Impairment of receivable	-	-
Total receivable	**225,908**	**363,994**

Authorized Auditors
SOLOMON ESHETE & Co.
CHARTERED CERTIFIED ACCOUNTANTS-UK

10.1 trade and other receivables

They are non-derivatives financial assets carried at amortized cost which do not generate a fixed or variable interest income for the Charity. The carrying value may be affected by changes in the credit risk of the counterparties. The Charity has no any past due yet not impaired receivable.

13 Net asset/ Equity

The Net asset/ Equity balance represents the amount available for future operation of the Charity.

14 Termination benefit obligation (Severance payment)

The Charity is obliged by law to pay severance payment for eligible employees who served the Charity for more than 5 years when the employment is terminated .The amount payable is one month final salary for the first year of service and one third of the final salary for the remaining year of services. Accordingly the present value of post employment benefit obligation (severance) and the related current service cost were measured using the projected unit credit method.

Original Copy Submitted to the Board
Love for Children and Family Development Charitable Organization

The principal assumptions used for the purpose of the actuarial valuation were as follows;-

	2020	2019
Discount rate		
Expected rate of salary increase(the lower of projected salary and ceiling in salary scale)		
The age at which each employee is assumed to terminate	60	60

	2020	2019
Accrued staff benefits_Severance Payable	429,946	306,792
Cash Indeminity payable	3,000	1,200
Interest cost	-	-
Payment	-	-
Reversal of provision	-	-
Closing employee benefit obligation	**432,946**	**307,992**

15 Trade and other payables

	2020	2019
Income tax payable	74,077	90,806
Withholding tax payable	6,562	4,632
Pension contribution payable	46,435	36,177
Provident payable	644	1,387
Unpaid salary payable		30
Other payable	24,831	2,646
	152,548	**135,678**

The Pension payable is defined contribution plan where Employees are included in a statutory pension scheme to which the Company and these employees contribute 11% and 7% of the individual monthly salaries, respectively.

16 Accrued leave salary

2020	2019
-	

This represents cumulative annual leave accrued at the reporting date. Each employee is entitled to an annual leave of 20 days for the first year of employment and keeps on increasing one day per additional year of service until it reaches the maximum amount allowed per year . However , the leave can only be carried forward for one more year.

Currency: Ethiopian Birr

17. Related party disclosure

The Charty has related entity. Related parties with which the Charty may haveicant transactions during the year were.

Siket phis. & training Center is the related entity of Berhan Lehetsant Charity. The entity is income generating activitesthat operate in the rent of buildind. The profit of the entity will transfer to Berhan Lehetsanat for its obective.

Compensation of key management personnel of the Charty

	2019
Short-term employee benefits	-
Post-employment benefit (pension)	-
Bonus payment	-
Total compensation paid to key management personnel	-

The amounts disclosed above are the amounts recognised as an expense during the respective reporting period related to key management personnel.

18. Events after reporting period

There is no event after the balance sheet date

20. Going concern assumption

Management of the Charty has concluded on the appropriateness of the use of the going concern basis of accounting based on the assessment made on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Charty's ability to continue as a going concern. Management's conclusions are based on the assessment made up to the forceable future.

Conclude on the appropriateness of the 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 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 to cease to continue as a going concern.