

# PREMIER SWITCH SOLUTIONS S.C

## INDEPENDENT AUDITORS REPORT AND FINANCIAL STATEMENTS

For the year ended (June 30, 2021G.C)



**Hruy Ababayehu**

Chartered Certified Accountant (UK) & Authorized Auditor (ETH)

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Addis Ababa

**PREMIER SWITCH SOLUTIONS SHARE COMPANY**  
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**FOR THE YEAR ENDED JUNE 2021**

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**PREMIER SWITCH SOLUTIONS SHARE COMPANY  
DIRECTORS, BANKERS, PROFESSIONAL ADVISERS AND REGISTERED OFFICE  
FOR THE YEAR ENDED JUNE 2021**

***Board Directors (as at June 2020)***

Ato Tsehay Shiferaw	Chairman
Ato Solomon Goshime	Director
Ato Taye Dibekulu	Director
Ato Yohans Merga (M/S Awash Bank)	Director
Ato Genene Ruga (M/S Nib Int. Bank)	Director
Ato Melaku Kebede (M/S United Bank)	Director
Ato Hailu Alemu (M/S Addis Int, Bank)	Director
Ato Efrem Hailemariam	Board secretary

***Executive Management (as at June 2021)***

Ato Yoseph Kibret	Chief Executive Officer
Ato Ayenew Wudu	D/Chief Executive Officer
Wro. Kirubelawit Sahlu	Manager, Marketing & Operation departemnt
Ato Elias Mitiku	Manager, Administration and Finance Department
Ato Daniel Yohannes	Manager, Information Technology departemnt

***Independent Auditor***

Hruy Abebayehu Mergia Certified Audit firm  
P.O.Box 26544/1000  
Addis Ababa  
Ethiopia



***Principal Banker***

Awash Bank, Finfine Branch  
Berhan International Bank, Bole Branch  
Cooperative Bank Of Oromia, Finfine Branch  
Nib Intransional Bank, Head Office Branch  
United Bank , Beklobet Branch  
Addis Int. Bank , Main Branch  
Commercial Bank Of Ethiopia , Senga Tera branch  
Addis Ababa  
Ethiopia

***Business Office***

Post Office Box 14805  
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Kirkos Sub-city , Wereda 07  
Addis Ababa  
Ethiopia

**PREMIER SWITCH SOLUTIONS SHARE COMPANY  
STATEMENT OF MANAGEMENT RESPONSIBILITY  
FOR THE YEAR ENDED 30 JUNE 2021**

The management of the company is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and other applicable laws and regulation.

In preparing the financial statements of the Company, the managements are required to:

- a Select suitable accounting policies and then apply them consistently;
- b Make judgments and accounting estimates that are reasonable and prudent;
- c State whether the applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- e Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- f Provide additional disclosures when compliance with the specific requirements in IFRS sufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- g Make an assessment of the Company's ability to continue as a going concern.

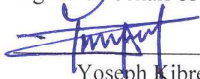
The Managements are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statement comply with the commercial code of Ethiopia. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Responsibility statement**

We confirm that to the best of our knowledge:

- i The financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position, profit and loss and cash flows of the Company;
- ii Nothing has come to our attention to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

Signed on behalf of the Company by:

  
Yoseph Kibret  
Chief Executive Officer

  
Elias Mitiku  
Finance & Administrative Manager





## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PREMIER SWITCH SOLUTIONS SHARE COMPANY**

### *Opinion*

We have audited the financial statements of Premier Switch Solutions Share Company, which comprise the statement of the financial position as at 30 June, 2021, 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 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### *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.

### *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 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 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 Company 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 Company'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.

The engagement partner on the audit resulting in this independent auditor's report is Hruy Abebayehu Mergia MBA, FCCA.

#### **Report on other legal and regulatory requirement**

We have no comment to make on the report of your directors so far as it related to these financial statements and pursuant to the commercial code of Ethiopia, recommended approval of the above mentioned financial statements.

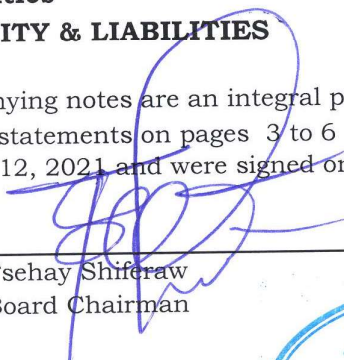
  
  
Hruy Abebayehu Mergia  
Certified Audit Firm


Addis Ababa  
November 13, 2021

**PREMIER SWITCH SOLUTIONS SHARE COMPANY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

Item	Notes	BIRR	2020 BIRR
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	5	42,659,163.20	31,540,614.60
Intangible assets	6	13,114,051.19	16,967,289.10
Right use of asset	6.1	3,720,119.80	5,526,880.81
Deferred tax asset			0.00
		<u>59,493,334.19</u>	<u>54,034,784.51</u>
Current assets			
Inventories		0.00	0.00
Trade and other receivables	7	44,819,930.74	30,223,061.64
Short term investments		73,527,320.00	79,000,000.00
Withholding receivable		3,866,787.31	2,651,106.78
Profit tax overpaid	11,d	626,071.96	626,071.96
Cash and cash equivalents	8	3,773,273.01	21,898,979.57
		<u>126,613,383.02</u>	<u>134,399,219.95</u>
<b>TOTAL ASSETS</b>		<u><b>186,103,435.47</b></u>	<u><b>188,434,004.46</b></u>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Paid up Capital	12	149,402,000.00	149,402,000.00
Retained earnings	13	5,074,134.27	5,921,894.40
Non-distributable retained earnings		14,499,150.47	14,161,245.47
Legal Reserve		<u>1,625,928.10</u>	<u>1,578,597.01</u>
		170,601,212.84	171,063,736.88
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Severance pay payable	10,a	1,374,243.27	1,855,914.15
Deferred tax liability	11,b	872,653.27	467,063.04
Lease obligation	6.1	<u>3,206,908.80</u>	<u>3,486,370.31</u>
		5,453,805.34	5,809,347.50
<b>Current liabilities</b>			
Trade payables and Other payables	9	10,047,957.48	11,560,920.08
Profit tax payable	11,d	<u>0.00</u>	<u>0.00</u>
		10,047,957.48	11,560,920.08
<b>Total Liabilities</b>		<u>15,501,762.82</u>	<u>17,370,267.58</u>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<u><b>186,103,435.47</b></u>	<u><b>188,434,004.46</b></u>

The accompanying notes are an integral part of these financial statements.  
The financial statements on pages 3 to 6 were approved and authorized for issue by the management on November 12, 2021 and were signed on its behalf by:

  
Tsehay Shiferaw  
Board Chairman

  
Yoseph Kibret  
Chief Executive Officer





**PREMIER SWITCH SOLUTIONS SHARE COMPANY**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2021**

Item	Notes	2020	
		BIRR	BIRR
<b>Revenue</b>			
Income	14	45,323,363.56	39,622,801.52
Other income	15	3,560,649.77	7,878.19
		<u>48,884,013.33</u>	<u>39,630,679.71</u>
<b>Expense</b>			
Personnel Expense	16	19,031,918.39	15,671,321.29
Other Operating and administrative Expense	17	35,663,673.42	32,451,822.28
Total Expense		54,695,591.81	48,123,143.57
Operating profit		(5,811,578.48)	(8,492,463.86)
Finance income		<u>8,849,131.15</u>	<u>10,371,943.32</u>
Other non-operating income		0.00	0.00
Profit(loss) before tax		3,037,552.67	1,879,479.46
Income tax expense	11,c	(2,090,930.94)	4,633,366.73
Profit(loss) for the year		<u>946,621.73</u>	<u>6,512,846.19</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that are or may be reclassified subsequently to profit or loss			
Measurement gain/(loss) on retirement benefits obligations	10,c	482,721.43	336,933.06
Deferred tax (liability)/asset on measurement gain or loss		(144,816.43)	(101,079.92)
Available-for-sale financial assets – net change in fair value		0.00	0.00
Other comprehensive income, net of tax		<u>337,905.00</u>	<u>235,853.14</u>
Total comprehensive income(loss)		<u>1,284,526.73</u>	<u>6,748,699.33</u>
<b>Basic earnings per share</b>	12,b	<b>6.34</b>	<b>43.59</b>

The accompanying notes are an integral part of these financial statements.



**PREMIER SWITCH SOLUTIONS SHARE COMPANY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	Birr	2020 Birr
<b>Cash flows from operating activities</b>			
Profit before tax	18	3,037,553	1,879,479
Adjustments for non-cash income and expenses:			
Add: Severance pay expense		349,041	307,030
Less: Severance amount paid		(347,991)	(46,513)
Add: fixed asset derecognized			0
Add: Depreciation and Amortization	19	10,279,450	9,157,089
Add: Asset use right amortization		1,806,761	1,824,876
Less Prior period adjustment	20	0	(618,531)
Less: Gain on disposal		(35,246)	0
Add: loss on disposal of fixed assets			
Changes in operating assets and liabilities:			
(Increase) Decrease in trade and other receivables	21	(14,596,869)	5,549,018
(Increase) Decrease in inventories		0	0
Increase (Decrease) in trade and other payables	22	(1,512,963)	(5,460,829)
Profit taxes paid		(1,215,681)	(943,753)
Withholding tax paid		(2,235,944)	11,647,865
Net cash from (used in) operating activities			
<b>Cash flows from investing activities</b>			
Addition of fixed assets		(17,156,778)	(6,523,430)
Additional software modules		(419,198)	(4,467,642)
Additional short term investment		0	0
Investment collected		5,472,680	0
Proceeds from sale of Non-current assets		70,202	0
Net cash from (used in) investing activities		(12,033,094)	(10,991,072)
<b>Cash flows from financing activities</b>			
Add: Interest expense for leased assets	23	21,919	41,845
Less: Additional capital raised		(301,380)	(1,207,694)
Less: Lease payment		(1,830,157)	0
Less; taxes paid based on audit finding		159	
Less: Prior period adjustment		(54,906)	0
Less; taxes paid on 2019 undistributed profit		(1,692,304)	0
Less: Dividends paid		(3,856,669)	(1,165,849)
Net cash from (used in) financing activities		(18,125,707)	(509,056)
Net increase (decrease) in cash and cash equivalents		21,898,980	22,408,036
Cash and cash equivalents at beginning of year		0	0
Effects of exchange rate changes on cash and cash equivalents		3,773,273	21,898,980
Cash and cash equivalents at end of year			
Components of Cash and Cash Equivalent at end of the year			
Cash at Bank		3,770,328	21,898,980
Cash on hand		2,945	0
Total Net Cash and cash Equivalent at end of the year		3,773,273	21,898,980

The accompanying notes are an integral part of these financial statements.



**PREMIER SWITCH SOLUTIONS SHARE COMPANY  
STATEMENT OF CHANGES IN OWNER'S EQUITY  
FOR THE YEAR ENDED 30 JUNE 2021**

	Paid up capital	Retained Earning	Non-distributable retained earning	OCI Reserve	Legal Reserve	Total
Balance as at 1 July 2020	149,402,000.00	5,921,894.40	14,240,015.63	(78,770.16)	1,578,597.01	171,063,736.88
Profit (loss) for the year	0.00	946,621.73	0.00		0.00	946,621.73
Transfer to legal reserve	0.00	(47,331.09)	0.00		47,331.09	0.00
Current OCI	0.00	0.00		337,905.00	0.00	337,905.00
Dividend paid	0.00	(1,692,304.27)				(1,692,304.27)
		159.02				159.02
Tax paid on undistributed profit		(54,905.52)				(54,905.52)
Balance as at 30 June 2021	<u>149,402,000.00</u>	<u>5,074,134.27</u>	<u>14,240,015.63</u>	<u>259,134.84</u>	<u>1,625,928.10</u>	<u>170,601,212.84</u>

The accompanying notes are an integral part of these financial statements.

