

**ASHTON APPAREL MANUFACTURING**  
**PRIVATE LIMITED COMPANY**

**REPORT AND FINANCIAL STATEMENT**  
**FOR THE PERIOD FROM 01 JANUARY 2024 TO 31 MARCH**  
**2024**

**Bahru and Tadele Audit Service Partnership**  
***Chartered Certified Accountants***  
***Authorized Auditors in Ethiopia***  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS  
ASHTON APPAREL MANUFACTURING PRIVATE LIMITED COMPANY**

***Opinion***

We have audited the accompanying financial statements of Ashton Apparel Manufacturing Private Limited Company which comprise the statement of financial position as at 31 March 2024 the statement of profit or loss, statement of change in equity and statement of cash flows for the period from 01 January 2024 to 31 March 2024, and a summary of material accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Ashton Apparel Manufacturing Private Limited Company as at 31 March 2024 and of its financial performance and cash flows for the period ended.

***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing. 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 Standard Board for Accountants' code of ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

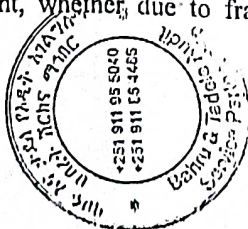
***Responsibility of Management's for the Financial Statements***

Management is responsible for the preparation of financial statements in accordance with the accounting framework applied by the company and for such internal controls as management determines are 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 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 has no realistic alternative but to do so. Management is responsible for overseeing the company's financial reporting process.

***Auditors' Responsibility 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.

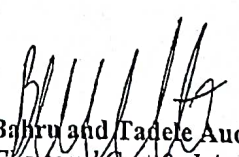
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit we also;

- 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 risks 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 disclosure made by management;
- Concluding 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 immaterial 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.

We have communicated with managements of the company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including and significant deficiencies in internal control that we identify during our audit.

Addis Ababa

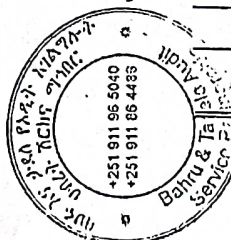
14 May 2024

  
**Bahru and Tadele Audit Service Partnership**  
Chartered Certified Accountants \* Bahru Tadele  
and Authorized Auditors



**ASHTON APPAREL MANUFACTURING PRIVATE LIMITED COMPANY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2024**

	Notes	2024 ETB
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	3	13,076,191
Pre-operational expenditure	4	<u>33,590</u>
		<u>13,109,782</u>
<b>CURRENT ASSETS</b>		
Trade and other receivables	5	24,223,929
Cash and bank balances	6	<u>9,387,045</u>
		<u>33,610,974</u>
<b>TOTAL ASSETS</b>		<u><u>46,720,755</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Paid up capital	1	84,155,100
Legal reserve		3,309,679
Retained earnings		<u>(94,758,401)</u>
		<u>(7,293,623)</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	8	52,580,142
Taxes payable	9	<u>1,434,236</u>
		<u>54,014,378</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>46,720,755</u></u>



**ASHTON APPAREL MANUFACTURING PRIVATE LIMITED COMPANY**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD FROM 01 JANUARY 2024 TO 31 MARCH 2024**

Notes

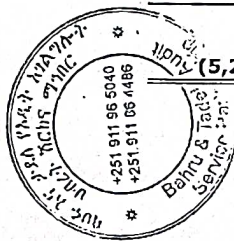
		2024 ETB
Revenue	11	57,080,377
Cost of sales	12	<u>47,754,111</u>
Gross loss		9,326,266
Other income		<u>-</u>
		9,326,266

**EXPENSES**

Administration	13	<u>14,584,472</u>
		<u>14,584,472</u>

**LOSS FOR THE PERIOD**

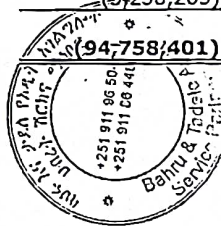
(5,258,205)





**ASHTON APPAREL MANUFACTURING PRIVATE LIMITED COMPANY**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD FROM 01 JANUARY 2024 TO 31 MARCH 2024**

	Paid up Capital ETB	Accumulated Profit (Loss) ETB	Legal reserve ETB	Total ETB
At 31 December 2021	96,737,276	(20,034,076)	3,309,679	80,012,879
Loss for the year	-	(52,621,813)	-	(52,621,813)
At 31 December 2022	96,737,276	(72,655,888)	3,309,679	27,391,066
Adjustment	(12,582,176)	-	-	(12,582,176)
Loss for the year	-	(16,844,308)	-	(16,844,308)
At 31 December 2023	84,155,100	(89,500,196)	3,309,679	(2,035,418)
Loss for the period	-	(5,258,205)	-	(5,258,205)
At 31 March 2024	84,155,100	(94,758,401)	3,309,679	(7,293,623)



**ASHTON APPAREL MANUFACTURING PRIVATE LIMITED COMPANY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD FROM 01 JANUARY 2024 TO 31 MARCH 2024**

2024  
ETB

**CASH FLOWS FROM OPERATING ACTIVITIES**

Loss for the year	(5,250,205)
Adjustment for	
Depreciation	560,951
Amortization	4,799
	<u>(4,692,456)</u>
Movements in working capital	-
Change in trade and other receivables	
Change in trade and other payables	6,523,260
Change in tax payables	<u>(268,844)</u>
Cash generated from operations	<u>1,561,960</u>
Net cash generated from operating activities	<u>1,561,960</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Movement in head office accounts'	-
Net cash generated from financing activities	-
Net increase/ (decrease) in cash and cash equivalents	1,561,960
Cash and cash equivalents at 1 January	<u>7,825,085</u>
Cash and cash equivalents at 31 March 2024	<u>9,387,045</u>

Represented by:

Bank and cash balances

Cash balances



**ASHTON APPAREL MANUFACTURING PRIVATE LIMITED COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1 ESTABLISHMENT**

Ashton Apparel Manufacturing Private Limited Company was established In Addis Ababa on 08 January 2014 in accordance of the provision of the Commercial Code of Ethiopia 1960 and investment registration No. EIA-1P/022917/06 of FDRE Ethiopian Investment Agency objectives to manufacturing of garments for exports.

The registered address of the Company at Bole Sub-City, Bole Laml Industry Zone, Woreda 11 House No. Bhz shed 19/20, Addis Ababa, Ethiopia.

**2 ACCOUNTING POLICIES**

**Basis of preparation**

The financial statements are prepared under the historical cost basis of accounting . The preparation of financial statements in conformity with the accounting frameworks of the company. It also requires management to exercise judgment in the process of applying the company's accounting policies.

**Functional currency translation**

*Functional and presentation currency*

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

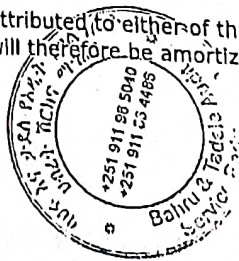
**Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged on the straight-line basis on buildings and on the declining balance basis for the other plant and equipment on the net book value of asset at the beginning of the year and current year addition depreciation charged on diminishing value/declining basis in accordance with income tax proclamation 979/2016 at the following rates per annum.

Building and infrastructure	%
Computer and accessories	5
Plant and machinery	25
Other assets	20

**Pre-operation Expenditure**

Expenses at the Project stage that are not specifically attributed to either of the physical assets shall be charged to the income statements. Such expenses will therefore be amortized 10% yearly.





**ASHTON APPAREL MANUFACTURING PRIVATE LIMITED COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Financial Instruments**

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the Instrument.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at bank in current and deposit accounts and short term, highly liquid investments with maturity periods of three months or less. Cash and cash equivalents are carried at their nominal values.

**Trade and other receivables**

Receivables arise in the normal course of business and do not bear interest. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately through profit or loss.

**Trade and other payables**

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables are carried at their nominal values

**Retirement benefit obligations**

The company and all its employees contribute to the National Social Security Fund, which is a statutory defined contribution scheme.

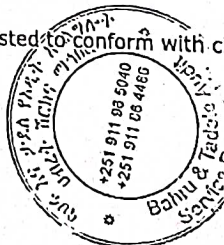
The company's contribution to the defined contribution scheme is charged to the profit or loss in the year to which it relates.

**Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods on based in Cutting making and packing (CMP) and Washing , the ordinary course of the company's activities.

**Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.



**ASHTON APPAREL MANUFACTURING PRIVATE LIMITED COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**3 PROPERTY, PLANT AND EQUIPMENT**

<b>COST</b>	<b>At 01 January 2024 ETB</b>	<b>Additions/Adj ustment ETB</b>
Machinery	63,357,780	-
Motor vehicle	3,003,329	-
Office equipment	569,122	-
Household equipment	247,225	-
Generator	7,339,623	-
Fire fighting equipment	3,165,509	-
Computer and related	985,905	-
Furniture and fixture	2,468,476	-
Building canteen and others	7,061,313	-
	<u>88,198,283</u>	<u>-</u>
<b>DEPRECIATION</b>		
Machinery	57,965,288	269,625
Motor vehicle	2,155,151	42,409
Office equipment	454,046	5,754
Household equipment	189,110	2,906
Generator	5,609,309	86,516
Fire fighting equipment	2,575,650	29,493
Computer and related	772,586	13,332
Furniture and fixture	2,015,475	22,650
Building canteen and others	2,824,525	88,266
	<u>74,561,141</u>	<u>560,951</u>
<b>NET BOOK VALUE</b>	<u><u>13,637,142</u></u>	

**4 PRE OPERATIONAL EXPENDITURE**  
 Balance as at 01 January 2024

**2024  
ETB**  
 191,945

**AMORTIZATION**  
 Balance as at 01 January 2024  
 Current year amortization

153,556  
4,799  
158,354  
33,590

**5 TRADE AND OTHER RECEIVABLES**

Value added tax  
 Guarantee and deposit  
 Withholding tax  
 Advance and Prepayment

22,271,796  
 865,980  
 902,553  
 183,600

24,223,929



**ASHTON APPAREL MANUFACTURING PRIVATE LIMITED COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

- 5.1 The Company paid ETB 750,000 as security guarantee to Ethiopian Industrial Development Zones Corporation for the leases of premises and manufacturing building.

**6 CASH AND BANK BALANCES**

Cash at bank  
 Cash on hand

2024  
 ETB

9,304,981

2,064

9,307,045

**7 LEGAL RESERVE**

The legal reserve is a statutory reserve to which not less than one-twentieth of the profits shall be transferred year until the fund amounts to one-tenth of the capital.

**8 TRADE AND OTHER PAYABLES**

Trade  
 Advance  
 Accrual  
 Freight payable  
 Sundry

1,951,162

22,178,228

15,690,109

12,760,643

0

52,580,142

**9 TAXES PAYABLE**

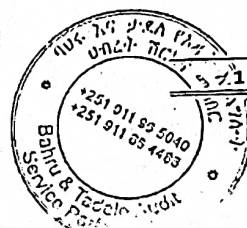
Employees' Income tax  
 Pension  
 Withholding tax

1,118,742

361,508

(46,015)

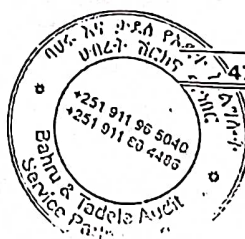
1,434,235





**ASHTON APPAREL MANUFACTURING PRIVATE LIMITED COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

<b>10</b>	<b>INCOME TAX</b>	<b>2024 ETB</b>
	Loss carried forward for tax relief	
	Loss brought forward	(52,778,874)
	Current year loss	(5,258,205)
	Add back :	
	Accommodation	26,500
	Non allowable	24,120
	Entertainment	-
	Commission	-
	Penalty	-
		<u>(57,986,460)</u>
<b>11</b>	<b>REVENUE</b>	<b>2024 ETB</b>
	Export sales	51,458,417
	Local sales	5,621,960
		<u>57,080,377</u>
<b>12</b>	<b>COST OF SALES</b>	
	Salary and related benefit	24,384,879
	Freight and logistic services	6,991,227
	Transportation for employees	8,928,414
	Rent of shed	4,578,565
	Utilities	963,626
	Repair and maintenance	539,717
	Consumable (Packing, woven & others)	845,329
	Depreciation	496,550
	Cleaning and Sanitation	25,804
	Others	-
		<u>47,754,111</u>



**ASHTON APPAREL MANUFACTURING PRIVATE LIMITED COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

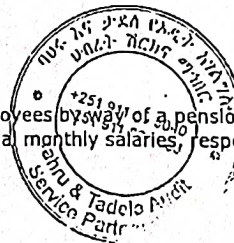
**13 GENERAL AND ADMINISTRATION EXPENSES**

**2024  
ETH**

Penalty	7,740,030
Employees Incentive	7,276,908
Custom clearance	619,654
Staff welfare	1,019,464
Insurance	207,737
Rent of guest house	600,049
Fuel and lubricant	123,538
Communications	263,020
Stationery and office supplies	112,636
Security services	162,501
Repair and maintenance	30,005
Professional fee	24,120
Non-allowable expense	64,401
Depreciation	26,500
Accommodation	51,646
Visa and work permit	92,050
Medical expense	68,008
Transportation	41,528
Bank service charge	47,776
License and registration	66,542
Miscellaneous	65,761
Rent of car	7,000
Uniform	4,799
Amortization	-
Travel	-
Annual Inspection	-
Entertainment	-
Advertising and promotion	-
Loading and unloading	-
Cleaning items	-
Membership fee	-
Fire and alarm	-
Parking fee	-
Training	-
Commission	-
	<b>14,584,472</b>

**15 RETIREMENT BENEFIT OBLIGATIONS**

Staff retirement benefits are provided to permanent employees by way of a pension scheme to which the Company and these employees contribute 11 % and 7 % of the individual monthly salaries, respectively.



<b>Ashton Apparel Manufacturing Private Limited Company, Ethiopia</b>	
Summary of transactions during the year with the above related parties are as follows:	ETB
Particulars	31-Mar-24
i) Jobwork Charges Income	
Atraco Industrial Enterprises, Dubai	51,458,416.77
	51,458,416.77
Summary of outstanding balances with the above related parties are as follows:	
Particulars	31-Mar-24
i) Other financial liabilities	
Payable to Atraco Industrial Enterprises, Dubai	
Advance received	22,178,228.19
	22,178,228.19

