SOLOMON ESHETE CERTIFIED AUDIT FIRM

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

For the Year Ended 31 December 2025

Prepared for:

SELAM CHILDREN'S VILLAGE

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SELAM CHILDREN'S VILLAGE
FOR THE YEAR ENDED 31 DECEMBER 2025

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SELAM CHILDREN'S VILLAGE
STATEMENT OF MANAGEMENT RESPONSIBILITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

The Financial Reporting Proclamation No. 847/2014 requires the organization to prepare its financial statements in accordance with the International Public Sector Accounting Standards (IPSAS).

The Financial Reporting Proclamation No. 847/2014, require the Management to prepare financial statements in respect of that organization, which give a true and fair view of the state of affairs of the organization at the end of the financial year/period and the operating results of the organization for that year/period. The Management is also required to ensure that the organization keeps proper accounting records which disclose with reasonable accuracy the financial position of the organization. The Management is also responsible for safeguarding the assets of the organization.

The Management is responsible for the preparation and presentation of the organization's financial statements, which give a true and fair view of the state of affairs of the organization for and as at the end of the financial year (period) ended on December 31, 2025.

The Management accepts the responsibility for the organization's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS). The Management is of the opinion that the organization's financial statements give a true and fair view of the state of organization's transactions during the financial year ended December 31, 2025, and of the organization's financial position as at that date. The Management further confirms the completeness of the accounting records maintained for the organization, which have been relied upon in the preparation of the organization's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Management to indicate that the organization will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements
The organization's financial statements were approved by the Management on March ----, 2026 and signed on its behalf by:

Managing Director

Manager, Finance & Accounting Dep't

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Solomon Eshete
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Certified Auditors in Ethiopia

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INDEPENDENTAUDITOR'SREPORT
SELAM CHILDREN'S VILLAGE

Opinion

We have audited the financial statements of **Selam Children's Village** , which comprise the statement of financial position as at 31 December 2025 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, the accompanying financial statements present fairly, in all material respects, the Financial Position of **Selam Children's Village** at 31 December 2025 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.

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.

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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

March 5, 2026
Addis Ababa,
Ethiopia

SELAM CHILDREN'S VILLAGE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	Notes	31-Dec-25 ETB	31-Dec-24 ETB
ASSETS			
Non - Current Assets			
Plant, Property and Equipment	5	1,289,015,058	1,341,667,357
Construction in progress	6	8,202,440	11,412,868
Investment from Rofam	7A	30,912,000	19,421,000
Investment from Misale	7B		
		1,328,129,499	**1,372,501,225**
Current Assets			
Biological asset	7	-	-
Inventory	8	9,866,452	8,468,517
Account receivables	9	8,013,412	9,141,332
Advance and prepayments	10	2,967,987	1,795,079
Cash and cash equivalents	11	38,933,656	58,744,906
		59,781,507	**78,149,834**
Total Assets		**1,387,911,005**	**1,450,651,059**
LIABILITIES			
Non - Current Liabilities			
Non-current employee benefit - Severance	13 b	21,533,312	21,079,174
		21,533,312	**21,079,174**
Current Liabilities			
Account payables	12	15,800,793	6,030,558
Employees benefit obligation - Annual Leave	13 a	7,521,531	5,765,035
		23,322,324	**11,795,593**
Total Liabilities		**44,855,635**	**32,874,767**
NET ASSETS		**1,343,055,371**	**1,417,776,293**
NET ASSETS			
Reserve for fixed asset	14	1,345,652,434	1,341,667,356
Fund balance	15	(2,597,063)	29,296,502
Total Net Assets		**1,343,055,371**	**1,370,963,858**

The notes on pages 8 to 40 are an integral part of these financial statements.

Manager,
Finance &
Accounting
Dep't

Managing Director

SELAM CHILDREN'S VILLAGE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	31-Dec-25 ETB	31-Dec-24 ETB
REVENUE			
Revenue from non - exchange transaction			
Grant contribution in cash	16	238,729,963	150,221,881
Grant contribution in kind	17	36,254,255	542,519
Revenue from exchange transaction	18	13,941,181	26,172,814
Other income			-
Revaluation surplus			-
Income released from fixed asset reserve	20		-
Total Revenue		**288,925,400**	**176,937,214**
EXPENDITURES			
Program expenditure	21	272,471,617	183,884,855
Administrative expenditure	22	43,409,585	28,865,857
Total Expenditure		**315,881,202**	**212,750,712**
Net Surplus (Deficit) for the year		**(26,955,802)**	**(35,813,498)**
Other Comprehensive Income (OCI)			
Surplus raised from Fixed Asset Revaluation	19		
Total Comprehensive income for the year, net		**(26,955,802)**	**(35,813,498)**

The notes on pages 8 to 40 are an integral part of these financial statements.

SELAM CHILDREN'S VILLAGE
STATEMENT OF CHANGE IN NET ASSET/EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025

	Fund balance ETB	PPE Reserve ETB	Total ETB
As at January 01, 2024	46,812,435	1,400,395,020	1,447,207,455
Aseets purchased	2,769,215	2,769,215	
Assets revalued			-
current year increament	62,717,198		-
opening fund balance eye	475,420		
Depreciation for the period	-	(61,496,878)	(61,496,878)
Adjustment of interunit receivable & payable	4,601		4,601
Opening difference	(856,433)		(856,433)
Surplus/ (Deficit) for the period	(35,813,498)		(35,813,498)
As at December 31, 2024	**76,108,938**	**1,341,667,357**	**1,417,776,295**
As at January 01, 2025	76,043,844	1,341,667,357	
Asset purchased	(56,176,138)	56,176,138	
Assets Revalued			-
Depreciation for the period		(68,583,296)	
bbw Fund balance	6,414,906		
eye fund balance	483,535		
opening diffrence		6,331,243	
Recivable from rofam write off	(8,796,263)		
Payable to rofam write off	6,333,388		
UNIDO		8,621,523	
Adjustment of unreconciled interunit receivable & Payable			-
Opening difference	55,467	1,439,469	1,494,936
Surplus/ (Deficit) for the period	(26,955,802)		(26,955,802)
As at December 31, 2025	**(2,597,063)**	**1,345,862,434**	**1,392,315,429**

The notes on pages 8 to 40 are an integral part of these financial statements

SELAM CHILDREN'S VILLAGE
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2025

	31-Dec-25 ETB	31-Dec-24 ETB
Cash flow from Operating activities		
Surplus for the year	(26,955,802)	(35,813,498)
Depreciation	68,583,296	61,496,878
Depreciation balance included in current year operation	(68,583,296)	(61,496,878)
opening diffrence	5,964,231	
(Increase)/Decrease in Biological assets		-
(Increase)/Decrease in Inventory	(1,397,935)	(1,758,144)
(Increase)/Decrease in inter office Account receivable	(22,629,760)	(2,521,158)
(Increase)/Decrease in Advance & prepayments	(1,172,908)	(196,299)
Increase/ (Decrease) in Non-current employee benefit - Severance	454,138	5,495,268
Increase/ (Decrease) in Account payables	9,770,235	1,737,410
(Increase)/Decrease in ninter office Account payable	22,625,159	-
Increase/ (Decrease) in Current employee benefit - Annual leave	1,756,496	2,642,337
Adjustment made to Fund balance	55,467	(3,952,991)
Net cash flow from operating activities	**(11,530,679)**	**(34,367,075)**
Cash flow from Investing activities		
Construction in progress	3,210,428	
Investment	(11,491,000)	
Proceed fromtransfer of asset		
Purchase of plant, property & equipments		-
Net cash flow from investing activities	**(8,280,573)**	-
Cash flow from Financing activities		
Net Increase (Decrease) in cash and cash equivalent	58,744,906	(34,367,075)
Cash and cash equivalent at the beginning of the year	(19,811,252)	35,440,348
Cash and cash equivalent at the end of the year	**38,933,654**	*1,073,273*
Component of cash and cash equivalent	**38,933,656**	
Cash and bank balances		*58,744,906*

The notes on pages 8 to 40 are an integral part of these financial statements.

SELAM CHILDREN'S VILLAGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1. Reporting entity

Selam Children's Village /SCV/ is a Non-Governmental Humanitarian Organization that works to enable disadvantaged Children, Youth, Women and Community Members to improve their Lives and become Self-reliant Citizens. SCV has been working in Ethiopia since 1986 and currently Re-registered by the Federal Civil Societies Organizations Agency as per the revised Ethiopian Government's Organizations of Civil Societies Proclamation No. 1113/2019 with the Registration Number 1043, on December 12, 2019. These financial statements, for the year ended 31 December 2025, are prepared in accordance with International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting

2. Statement of Compliance and Basis of Preparation

The Financial Statements of Selam Children's Village have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Ethiopian Birr, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

3. Key Judgments and Sources of Estimation Uncertainty

The preparation of financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The key judgements management made in preparing the financial statements are as follows:

a) Inventories are reported at the lower of cost or their replacement costs.
b) The lives of property, plant and equipment are set out in notes number 4.6 below.

Key estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both the period of revision and future periods.

4. Summary of Significant Accounting Policies

4.1. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits on call and highly liquid investments with an original maturity of 3 months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

4.2. Receivables from exchange transaction and non-exchange transactions

Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that Selam Children's Village will not be able to collect all amounts due according to the original terms of the receivables.

Receivables from non-exchange transactions comprises grants confirmed by donors for which Selam Children's Village has signed grant agreement. These receivables are initially assessed at nominal amount or face value; that is, the receivable reflects the amount of grant as shown in grant agreement. These receivables are subsequently tested for impairment.

4.3. Biological assets

Biological assets are measured at fair value less costs to sell, with any change therein recognized in profit or loss.

4.4. 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 Entity.

4.5. Financial assets

4.5.1 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 Entity determines the classification of its financial assets at initial recognition.

4.5.2 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.

4.5.3 Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity 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.

4.5.4 Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset 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 that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

4.6. Intangible assets

Intangible assets are stated at historical cost less accumulated amortization and any impairment losses. Amortization is provided over the estimated useful life using the straight-line method.

4.7. Investment property – IPSAS 16

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over the life estimated by management.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

4.8. Property, plant and equipment

The assets have been valued to "Fair Value" in accordance with IPSAS 17 of the International Public Sector Accounting Standards (IPSAS) published by the International Public Sector Accounting Standards Board (IPSASB), which is defined as:
"Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. "

"Fair Value", for the purpose of financial reporting under International Public Sector Accounting Standards is effectively the same as "Market Value", which is defined as: -
" Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion."
All property, plant and equipment are stated at fair market value cost less depreciation. Cost includes expenditure that is directly attributable to the replacement of the items. Where an asset (other than land) is acquired for nil or nominal consideration the asset is initially recognized at fair value, where fair value can be reliably determined, and a credit recognized as income in the statement of financial performance.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to Selam Children's Village and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognized. All repair and maintenance is charged to the statement of financial performance during the financial period in which it is incurred.

IPSAS 45.47 states that the depreciable amount of an asset shall be allocated on a systematic basis over its useful life. Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation on assets is charged on a straight-line basis at rates calculated to allocate the cost or valuation of the asset less anv estimated residual

S. No.	Item	Useful life in years	Depreciation rate	Residual value
1	Building	60	2%	5%
2	Motor Vehicle	10	10%	5%
3	Computer and accessories	7	14.29%	0%
4	Office equipment	7	14.29%	1%
5	Office furniture	10	10%	5%
6	Generator	10	10%	1%
7	Machinery	12	8%	5%

4.8. Property, plant and equipment (continued)

While implementing IPSAS 45, Selam Children's Village has revalued its items of property, plant and equipment and includes in its financial records. The revalued amount is taken as deemed cost and depreciation is calculated using the organization depreciation rate. PPEs are capitalized if their cost is greater or equal to the threshold limit set at ETB 5,000.00. They are depreciated over the asset's estimated useful life using the straight-line method. The threshold level is reviewed periodically. The revaluation was made by External licensed consultant composing of different relevant skills. The revalued amount became effective from December

Assets are reviewed annually to determine if there is any indication that assets may be impaired in their value. As at 31 December 2025 Selam Children's Village did not have any impairment on property, plant and equipment.

None of the Properties, Plant and Equipments owned by the organization has been secured as a collateral for loans.

4.9. Financial liabilities

4.9.1 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 Entity 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.

4.9.2 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.

4.10 Other operating revenue

Other operating revenue arises from exchange transactions in the ordinary course of the entity's activities. It comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the entity's activities. It is shown net of tax, returns, rebates and discounts.

4.11 Employee benefits

4.11.1 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.11.2 Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

4.11.3 Defined benefit plans

The severance payment due to employees are considered by the entity to be defined benefit plan. The entity's obligation is calculated by multiplying the basic salary of employees by the number of years served by each employee where an employee earn one month salary for the first year of service and one third salary for each additional year of service.

Re-measurements of the obligation is done each year at the reporting date and additional obligation shall be recognized as an expense.

4.11.4 Other long-term employee benefits

The Entity's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value.

Re-measurements are recognized in profit or loss in the period in which they arise.

4.11.5 Termination benefits

Termination benefits are expensed when the Company incurs cost in relation to termination and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

4.12 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of financial performance on a straight-line basis over the period of the lease.

4.12.1 Selam Children's Village as a lessee

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if it is not reasonably certain that the entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

4.12.2 Selam Children's Village as a lessor

Selam Children's Village has entered into property leases of certain of its properties. The entity has determined, based on an evaluation of the terms and conditions of the arrangements, (such as the lease term not constituting a substantial portion of the economic life of the commercial property) that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

4.13 Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of financial performance.

4.14 Revenue recognition

4.14.1 Revenue from non-exchange transactions – IPSAS 23 Grants

Revenues from non-exchange transactions are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

4.14.2 Revenue from exchange transactions – IPSAS 9

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

Interest income is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

Dividends

Dividends or similar distributions must be recognized when the entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

4.15 Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

4.16 Interest expense

Interest expense is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

4.17 Provisions – IPSAS 19

Provisions are recognized when the Entity 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 Entity 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 Entity 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 Entity 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 Entity 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

4.18 Changes in accounting policies and estimates – IPSAS 3

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical. The effect of change in accounting estimates are recognized in the current and future period prospectively.

4.19 Elminiation of interoffice payable & receivables

In order to assist the subsidiary in funding its activities, the corporate parent transfers cash to it. Interoffice transactions are when one unit of an organization takes part in a transaction with another division, department, or unit within the same organization. It is very common in multinational and big firms having subsidiaries.

The policy for the interoffice receivable and payable developed from the operational budget transfer from the centered bank to other units banks to reconsile but not truly payable and receivable was established by Selam Children Village and approved by the executive board.

Based on the policy, during the year 2025 adjustment was made on the inter office receivable and payables.

SELAM CHILDREN'S VILLAGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

5. PLANT, PROPERTY & EQUIPMENT

	Building ETB	Plant & Machinery ETB	Furniture & Fixture ETB	Office Equipment ETB	Motor Vehicle ETB	Computer & Accessories ETB	Other Asset ETB	Total ETB
COST								
As at January 01, 2024	1,135,013,218	177,359,266	32,681,589	4,996,321	51,329,056	16,014,065	16,600,220	1,433,993,736
Assets purchased	-	528,578	777,475	-	-	1,051,615	411,546	2,769,215
Disposal	-	-	-	-	-	-	-	-
Adjustmet	-	-	-	-	-	-	-	-
As at December 31, 2024	**1,135,013,218**	**177,887,844**	**33,459,064**	**4,996,321**	**51,329,056**	**17,065,680**	**17,011,766**	**1,436,762,951**
As at January 01, 2025	1,135,013,218	177,359,266	32,681,589	4,996,321	51,329,056	16,014,065	16,600,220	1,433,993,736
Assets purchased	21,151,360	230,413	3,440,036	19,257,633		10,969,354	1,127,343	56,176,138
Disposal	-	-	126,091	444,654	7,878,700	172,078		(8,621,523)
Adjustmet		-		17,897,987		1,969,066	-	(19,867,053)
As at December 31, 2025	**1,156,164,578**	**177,589,679**	**36,247,715**	**24,698,608**	**59,207,756**	**29,124,563**	**17,727,563**	**1,461,681,299**
ACCUMULATED DEPRICIATION								
As at January 01, 2024	12,261,010	5,834,952	5,776,612	3,709,022	4,383,856	1,398,755	234,507	33,598,715
Charge for the year	38,477,950	11,795,556	4,143,718	-	3,041,155	3,002,421	1,036,079	61,496,878
Disposal /Transfer to Rofam		-	-	-	-	-	-	-
As at December 31, 2024	**50,738,961**	**17,630,508**	**9,920,331**	**3,709,022**	**7,425,011**	**4,401,176**	**1,270,586**	**95,095,594**
As at January 01, 2025	50,738,961	17,630,508	9,920,331	3,709,022	7,425,011	4,401,176	1,270,586	95,095,594
Charge for the year	38,564,765		5,119,787	16,262,972	2,692,105	4,338,297	1,605,371	68,583,296
Disposal /Transfer to MISALE		-	126,091	444,654	7,878,700	172,078	-	8,621,523
Adjustment			16,778		349,050			365,828
As at December 31, 2025	**89,303,726**	**17,630,508**	**15,182,986**	**20,416,648**	**18,344,866**	**8,911,550**	**2,875,957**	**172,666,241**
NET BOOK VALUE								
As at December 31, 2024	1,084,274,258	160,257,337	23,538,734	1,287,299	43,904,045	12,664,504	15,741,181	1,341,667,357
As at December 31, 2025	1,066,860,852	159,959,171	21,064,729	4,281,960	40,862,890	20,213,013	14,851,607	1,289,015,058

6. Construction in Progress

	31-Dec-25 ETB	31-Dec-24 ETB
Construction of G+2 Children house	8,202,439.98	11,412,867.67
	8,202,439.98	**11,412,867.67**

For construction in progress assets, no depreciation is recorded until the asset is placed in service. When construction is completed, the asset should be reclassified as building, building improvement, infrastructure or land improvement and should be capitalized and depreciated.

7. Investment from Rofam & MISALE

A. Reconciliation of carrying amount	Fixed Asset & Cash ETB	Livestock's ETB	Total ETB
Balance as at January 01, 2024		-	-
Purchases	-	-	-
Value of livestock sold/consumed	-	7,893,000	7,893,000
Harvested plants sold/consumed	-	-	-
Change in fair value less cost to sell:			-
- investment in cash for Driving school	1,000		1,000
- investment in cash	3,840,605	-	3,840,605
- Fixed physical asset	7,686,395	-	7,686,395
Balance as at December 31, 2025	**11,528,000**	**7,893,000**	**19,421,000**
Non-Current			
Current	-	-	**19,421,000**
	-	-	
Balance as at January 01, 2025		-	-
Purchases	-	-	-
Value of livestock sold/consumed	-		
Harvested plants sold/consumed	-		-
Change in fair value less cost to sell:			-
- investment in cash for Driving school	1,000		1,000
- investment in cash	11,840,605	-	11,840,605
- Fixed physical asset	15,579,395		15,579,395
- Fixed physical asset DRIVING	3,491,000		3,491,000
Balance as at December 31, 2025	**30,912,000**	-	**30,912,000**
Non - current	-	-	**30,912,000**
Current	-	-	
		-	**30,912,000**

SELAM CHILDREN'S VILLAGE
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FOR THE YEAR ENDED DECEMBER 31, 2025

8. Raw Materials Inventory

	31-Dec-25 ETB	31-Dec-24 ETB
Raw materials Inventory	-	3,145
Training Materials Inventory	-	27,211
STOCK-Spare Parts	1,596,883	610,354
STOCK- B.LD Elce & Plumbing Ma	2,872,392	3,403,536
STOCK- Stationary & Supplies	1,649,152	772,623
Electric Materials	117,470	10,480
Uniform and outfits	92,595	83,346
STOCK- Sanitary & Others	700,706	885,236
STOCK- Food Items	2,473,181	2,453,313
Other Consumable Items		12,250
STOCK- Fuel & Lubricant	364,071	207,024
	9,866,452	8,468,517
Allowance for doubtful accounts		
	9,866,452	**8,468,517**

9. Account receivables

	31-Dec-25 ETB	31-Dec-24 ETB
Receivable from customers	693,507	1,034,535
Receivable from employees	921,485	259,970
TRIEA receivable	803,400	804,784
ROFAM Receivable	3,215,041	7,009,495
Project reciveble	2,412,526	
Inter unit receivables		-
	8,045,960	9,108,785
Allowance for doubtful accounts	(32,547)	32,547
	8,013,412	**9,141,332**

10. Advance and prepayments

	31-Dec-25 ETB	31-Dec-24 ETB
Purchase receivable	1,102,193	1,213,261
Prepaid insurance	1,865,793	581,819
	2,967,987	**1,795,079**

CERTIFIED AUDIT FIRM
SOLOMON ESHETU
CHARTERED CERTIFIED ACCOUNTANTS
SELAM CHILDREN'S VILLAGE
HEAD OFFICE NO.1
Accounting and auditing Board of Ethiopia
0118861296
0111541235
Original Copy Submitted to the Board

SELAM CHILDREN'S VILLAGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

11. Cash and cash equivalents	31-Dec-25 ETB	31-Dec-24 ETB
Cash on hand	-	190
Cash at bank		
Awash Bank S.C	191,887	4,991,326
Abyssinia Bank - saving …28	702,577	1,080,728
Berhan Bank …330	38,035	7,778,035
Berhan Bank …260100013871 wosen	299,718	49,838
Commercial bank of Ethiopia …..558	3,218,603	213,317
Commercial Bank of Ethiopia …654	4,157,620	3,016,103
Commercial Bank of Ethiopia 1000657077708	1,232,015	1,109,501
Cooperative Bank of Oromia - current … 638	3,797,503	854,050
Cooperative Bank of Oromia - current … 639	(48,192)	1,140,011
Cooperative Bank of Oromia - saving …431	11,652,976	25,801,806
Cooperative Bank of Oromia current…177	5,992	-
Dashen Bank S.C - 0037521254004 - Misale	2,719,386	4,449,642
Dashen Bank S.C - 0037513419008 - EYE	149,445	142,336
Enat Bank 1611215708017001-	1,529,183	-
Dashen Bank S.C - 0037658862011 - Night	65,908	554,641
OROMIA BANK 1644636400002	32,827	13,000
Dashen Bank S.C - Saving 5037513419009	141,738	132,954
1029300168835 coop - EASE	1,000	1,000
Dashen COOP 1000072470177 - PASEWAY	-	58
Dashen Bank S.C - Dashn-0037508006007 - Japan	690,276	328,462
Coop 1029300114336 - Etochu	3,728,240	
Abay bank 1172111140771918 - BEYEPP	690	7,087,896
1029300160389 coop	4,626,229	
CBE 1000324561122 - PASEWAY		13
	38,933,656	**58,744,717**
	38,933,656	**58,744,906**

SELAM CHILDREN'S VILLAGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

12. Account payables

	31-Dec-25 ETB	31-Dec-24 ETB
Income tax payable	4,318,033	1,033,747
Pension payable	2,146,365	623,904
Provident fund payable	98,606	174,712
Cost sharing payable	-	8,286
Withholding tax payable	709,523	280,261
VAT payable	(96,222)	(95,489)
Labor union payable	1,706	2,171
Youth saving Kefta	44,400	-
Youth saving Enat	226,100	
Credit association payable	12,121	16,374
Inter unit payables		-
Account payable	2,563,987	3,986,593
Project payable	2,457,015	
Sundry payable		-
Accruals	3,319,159	-
	15,800,793	**6,030,558**

13. Employment benefit plan

13 a) Accumulated Leave	31-Dec-25 ETB	31-Dec-24 ETB
Opening balance	5,765,035	3,122,698
Accrual (Change) for the year	2,808,151	2,992,253
Paid during the year	(1,051,665)	(349,917)
Closing balance	**7,521,521**	**5,765,035**

13 b) Severance Payable	31-Dec-25 ETB	31-Dec-24 ETB
Opening balance	21,079,174	15,583,906
Accrual for the year	8,608,917	6,198,205
Paid during the year	(8,154,779)	(702,936)
Closing balance	**21,533,312**	**21,079,174**

14. Fixed asset reserve		31-Dec-25 ETB	31-Dec-24 ETB
At the beginning of the year		1,341,667,357	1,400,395,020
Asset purchased and capitalized		56,176,138	2,769,215
Depreciation expense		(68,583,296)	(61,496,878)
UNIDO	14 a	8,621,523	
prior year	14 b	1,439,469	
Adjustment	14 b	6,331,243	
		1,345,652,434	**1,341,667,357**

SELAM CHILDREN'S VILLAGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

15. General Fund		**31-Dec-25 ETB**	**31-Dec-24 ETB**
At the beginning of the year		**76,043,843**	76,108,937
Depreciation for the period			
Asset purchased and capitalized		(56,176,138)	2,769,215
Payabel to rofam write off	15a	6,333,388	
Recivable from rofam write off	15a	(8,796,263)	
BBW Fund balance	15 b	6,414,906	
EYE fund balance	15 b	483,535	62,717,198
Opening difference		55,467	475,420
Adjustment of unreconciled interunit receivable			4,601
Prior period adjustment			(856,433)
Surplus / (Deficit) for the year		(26,955,802)	(35,813,498)
At the end of the year		**(2,597,064)**	**29,296,502**

14 a. Fixed assets handover from UNIDO project

During the year ended 2025, fixed assets previously held and utilized under the UNIDO–Volvo Group Commercial Vehicle Driver Training Project were formally transferred to Selam Children's Village (SCV) in accordance with approved asset transfer and project closure procedures.

The UNIDO–Volvo Group Vocational Training Project is a strategic partnership between the United Nations Industrial Development Organization (UNIDO), the Volvo Group, and SCV to establish and operate a vocational training school for commercial vehicle drivers in Ethiopia. The initiative operates through the Misale Driver Training Academy and aims to train approximately 40 trainees and 20 trainers annually. The project focuses on improving road safety standards by introducing structured driver education, including defensive driving techniques and mandatory road safety training, thereby addressing both the growing demand for qualified commercial drivers and the high rate of traffic-related fatalities.

Upon completion of the relevant project phase, fixed assets with a total carrying amount of Birr 8,621,522.53 were handed over to SCV. The assets were recognized at their net book value at the date of transfer.

In accordance with International Public Sector Accounting Standard 17 (IPSAS 17 – Property, Plant and Equipment), assets are recognized when the entity obtains control and future economic benefits or service potential are expected to flow to it. Accordingly, SCV recognized the transferred assets at their carrying amount, reflecting the remaining service potential embodied in the assets.

Management confirms that control over the assets has been formally assumed by SCV and that the assets continue to support vocational training and road safety objectives within the organization's mandate.

B. Prior year adjustment

During the year ended 31 December 2025, management identified an understatement in the Fixed Asset Reserve account arising from the omission of fixed assets amounting to Birr 1,439,469.36, which were not incorporated into the reserve computation. Consequently, the Fixed Asset Reserve was understated by the same amount and requires adjustment to properly reflect the total carrying value of property, plant and equipment recognized during the year.

Additionally, it was noted that during the year ended 31 December 2024, the opening balance used in the calculation of the Fixed Asset Reserve was inconsistent with the audited closing balance as at 31 December 2023. The opening balance applied was Birr 1,400,395,020, whereas the audited closing balance for 2023 was Birr 1,406,726,263. This resulted in an understatement of the opening Fixed Asset Reserve by Birr 6,331,243.

In accordance with International Public Sector Accounting Standard 3 (IPSAS 3 – Accounting Policies, Changes in Accounting Estimates and Errors), material prior-period errors shall be corrected retrospectively by restating the opening balances of assets, liabilities, and net assets/equity for the earliest prior period presented. Accordingly, the 2024 opening balance requires restatement to reflect the correct audited closing balance of 2023.

SELAM CHILDREN'S VILLAGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

15 a. Income generating activities balance offesetting

During the year ended 31 December 2025, the Entity offset long-outstanding reciprocal balances with ROFAM following formal approval by the Board of Directors.

A receivable balance due from ROFAM amounting to Birr 8,796,262.78 was offset against a payable balance owed to ROFAM (income-generating activity) amounting to Birr 6,333,388. After offsetting, a net receivable balance of Birr 2,462,874.78 remains outstanding and is recognized in the statement of financial position as at the reporting date.

In accordance with International Public Sector Accounting Standard 1 (IPSAS 1 – Presentation of Financial Statements), assets and liabilities shall not be offset unless required or permitted by an IPSAS. Further, under International Public Sector Accounting Standard 29 (IPSAS 29 – Financial Instruments: Recognition and Measurement), offsetting of financial assets and financial liabilities is permitted only where the Entity has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Management confirms that the offset was performed based on mutual agreement and Board authorization, and that the remaining balance represents the net amount recoverable from ROFAM at year end.

15 b. projects fund balance disclosure

As part of the year-end consolidation process, fund balances relating to controlled projects are incorporated into the overall Fund Balance of the Entity to ensure complete and accurate presentation of net assets.

In accordance with International Public Sector Accounting Standard 35 (IPSAS 35 – Consolidated Financial Statements), a controlling entity is required to consolidate all controlled entities and arrangements by combining like items of assets, liabilities, revenue, and expenses on a line-by-line basis. Accordingly, project-level accumulated surpluses or deficits form part of the consolidated net assets/equity.

The following project fund balances were included in the consolidated Fund Balance calculation for the year ended 31 December 2025:

Employable Youth in Ethiopia (EYE) Project – Birr 483,535.16

Bavarian Ethiopian Youth Employment Promotion Project (BEYEPP) – Birr 6,414,905.94

These balances represent accumulated project surpluses attributable to activities implemented under the Entity's control and financial oversight.

Consistent with International Public Sector Accounting Standard 1 (IPSAS 1) – Presentation of Financial Statements), net assets/equity presented in the Statement of Financial Position reflect the residual interest in the assets of the consolidated reporting entity after deducting all liabilities. Inclusion of the above project balances ensures that the consolidated Fund Balance accurately reflects the financial position of the Entity as a single economic entity.

SELAM CHILDREN'S VILLAGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

Revenue from non - exchange transaction	31-Dec-25 ETB	31-Dec-24 ETB
16. Grant contribution in cash		
Foreign Income		
Donation from Swiss	171,400,098	111,587,987
Donation from Selam Germany	12,615,951	10,343,467
Donation for life skill	-	59,063
Go Foundation-	9,633,496	
Donation from TESFA ILG	493,864	-
N3 Team	786,977	-
Itochu Project	3,584,824	
Other Donations	110,000	-
PASEWAY Project	-	20,914,973
Japan Embassy fund	-	-
BEYEPP	22,422,430	
ARC project finance	739,760	2,259,539
BINA Project	-	-
	221,787,400	**145,165,029**

Local Income

TRIEA contribution	2,542,933	-
ROFAM contribution	4,368,240	2,964,868
Sponsorship income	6,846,297	-
Income from staff donation	1,359,837	270,120
Local donations	1,825,256	1,821,864
	16,942,564	**5,056,852**
	238,729,963	**150,221,881**

The objective of IPSAS 23 is to prescribe requirements for the financial reporting of revenue arising from non-exchange transactions, other than non-exchange transactions that give rise to an entity combination.

Revenue from non-exchange transactions are recognized in the financial records when Selam Children's Village receives value from another entity (e.g. cash or other assets) without giving approximately equal value in exchange to the donor or fund provider.

17. Grant contribution in kind	**31-Dec-25 ETB**	**31-Dec-24 ETB**
Foreign donation in kind	36,254,255	-
Local donation in kind	-	542,519
	36,254,255	**542,519**

SELAM CHILDREN'S VILLAGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

18. Revenue from exchange transaction	**31-Dec-25 ETB**	**31-Dec-24 ETB**
Training income	3,277,033	12,012,679
Clinic income	5,819,523	6,659,613
Garment and handcrafts	501,600	-
Day care center	162,941	-
Bank Interest income	3,543,141	2,596,431
Sales of Biography Book	5,510	100,028
Sales of scrap	49,062	4,015,610
Others	582,371	788,453
	13,941,181	**26,172,814**

19. Other Comprehensive Income (OCI)	**31-Dec-25 ETB**	**31-Dec-24 ETB**
Surplus from fixed asset revaluation	-	-
	-	-

SELAM CHILDREN'S VILLAGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

20. Income released from Fixed Asset Reserve	**31-Dec-25 ETB**	**31-Dec-24 ETB**
Income released from Fixed Asset Reserve	-	-
	-	-

***The balance represents deduction or utilization of reserve for fixed assets for the amount depreciated during the year.

21. Program expenditure	**31-Dec-25 ETB**	**31-Dec-24 ETB**
Salaries and benefits	92,143,009	45,171,968
Materials	2,551,939	6,529,882
Training & upgrading of staff	361,460	279,018
Repair and maintenance	26,811,853	11,127,055
Training Related	9,757,377	4,007,569
Children development cost	46,908,941	30,146,180
Community support cost	13,834,397	12,436,776
Utilities	5,252,487	1,269,967
Clinic & Health	3,419,532	2,930,751
Planing, monitoring, evaluation & related	1,133,834	1,466,231
Entertainment and guest meeting	-	-
Depreciation expense	58,949,717	54,242,157
Employment Other benefit	1,658,832	8,226,906
Other program related expenses	9,688,240	6,050,394
	272,471,617	**183,884,855**

Organization of Civil Societies Administrative Expense Implementation Directive No. 847/2021 requires administrative expenditures of organizations of the head office conducts its business at the project site in an integrated manner, the expense shall be deemed a project related expense. Selam Children Village uses the vehicles fuel, project planning, monitoring & evaluation and communication costs included in program related costs.

SELAM CHILDREN'S VILLAGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

22. Administrative expenditure	31-Dec-25 ETB	31-Dec-24 ETB
Salaries and benefits	20,839,798	10,833,482
Materials	283,166	438,773
Capacity building of staff	91,550	568,586
Insurance, Professional & Legal	1,027,642	3,508,042
Advertisement and promotion	345,233	-
Entertainment and guest meeting	3,292,680	1,304,876
Utilities and Fuel expense	1,543,378	724,347
Cleaning, Repair and maintenance	2,327,068	1,713,148
General Admin expenses	3,680,573	1,556,329
Depreciation expense	9,633,579	7,254,722
Employment benefit	344,919	963,552
	43,409,585	**28,865,857**

23. Related party transaction

Related party transactions represent transactions with key management personnel of Selam Children's Village and related entities in which the entity is a part.

23 a. Key management personnel compensation

Key management personnel are the General Manager, CYC Director, Collage Dean,

Name	Basic salary	Transport allowance	Position Allowance	Pension 11%	House allowance
Nigussie Eshetie	92,271		9,227	10,150	
Wossenie Regassa	54,495	5,450	9,702	5,994	
Solomon Chali Be	138,132	-	28,341	15,195	
Tibebu Leta	80,948	-	8,095	8,904	850
	365,846	5,450	55,365	40,243	850
	4,390,155	65,394	664,379	482.917	10.200

	31-Dec-25 ETB	31-Dec-24 ETB
Salaries and other short-term employee benefits	4,390,155.20	2,779,962
Transport Allowance	65,394.00	10,200
Housing Allowance	10,200.00	10,200
Mobile allowance	6,000.00	6,000
Position allowance	664,379.12	353,877
PF 11%	482,917.07	333,595
Total	**5,619,045.39**	**3,493,834**

23 b. Transactions with related party

Selam Children's Village has a related party relationship and transaction with the following organizations. The amount of transaction and outstanding balance with these related parties are shown below.

Tsehay Rosch Illi Industrial and Agricultural Enterprise (TRIAE)

	31-Dec-25 ETB	31-Dec-24 ETB
Transaction		-
Outstanding balance	803,400.29	804,784
Total	**803,400.29**	**804,784**

24. Compliance to Organization of Civil Societies Proclamation 1113/2019 article 63-1(2)

Organization of Civil Societies Proclamation 1113/2019 requires administrative expenditures of organizations established for the benefit of the general public or that of third parties may not exceed 20% of the total income. The current period administrative expenditure amounts to 15% of the total income. This shows the organization comply with the requirements of the Organization of Civil Societies

	31-Dec-25	*% of total Expense vs income*
Program expenditure	272,471,617	94%
Administrative expenditure	43,409,585	15%
Total Income	**288,925,400**	

25. Contingent liabilities - Legal cases

The Organization has no pending legal cases at the reporting date that requires provision to be made in the financial statements.

26. Events after reporting period

In the opinion of the Management, there were no significant post balance sheet events which could have a material effect on the state of affairs of the Organization as at 31 December 2025 and on the surplus/deficit for the period ended on that date, which have not been adequately provided for or disclosed.

27. Comparative information

Certain comparative numbers were reclassified to conform to the current year presentation. Such reclassifications have no effect on previously reported surplus or

28. Plant, Property and Equipment Revaluation

IPSAS 17 Standard prescribes the accounting treatment for property, plant, and equipment so that users of financial statements can discern. The principal issues in accounting for property, plant, and equipment are (a) the recognition of the assets, (b) the determination of their carrying amounts, and (c) the depreciation charges and impairment losses to be recognized in relation to them.**IPSAS 31 standard** also amended to prescribe the accounting treatment for intangible assets that are not dealt with specifically in another Standard. It states that an intangible asset shall be recognised if, and only if: 1. It is probable that future economic benefits or service potential associated with the item will flow to the entity; and 2. The cost or fair value of the item can be measured reliably.

29. Consolidation disclosures

1. Basis of Consolidation

The consolidated financial statements of Selam Children's Village (SCV) have been prepared in accordance with International Public Sector Accounting Standard 35 (IPSAS 35 – Consolidated Financial Statements).

In accordance with IPSAS 35, consolidated financial statements comprise the financial statements of the controlling entity and all entities over which it has control. Control exists when SCV:

-Has power over the investee;

-Is exposed, or has rights, to variable benefits from its involvement; and

-Has the ability to use its power to affect those benefits.

Management assesses control based on the substance of relationships with programs and projects, including decision-making authority, exposure to risks and rewards, delegated powers, structured arrangements, and statutory responsibilities. These assessments are reviewed at each reporting date.

The consolidated financial statements include the following programs and projects over which SCV has control:

Entity / Unit Nature of Relationship Control Basis under IPSAS 35
Children, Youth & Community Support Programs (CYC) Core operational program of SCV SCV exercises direct governance, budget approval authority, and operational control; program assets, liabilities, income and expenses form part of SCV's coordinated budget framework.
Selam Technical and Vocational College (TVET) Core institutional program under SCV SCV holds governing authority, strategic direction control, and financial oversight; exposure to operational performance and benefits.
Employable Youth in Ethiopia (EYE) Project Donor-funded project implemented by TVET SCV, through TVET, exercises implementation authority, budget management, reporting responsibility, and operational control.
Education and Skills for Employability (EASE) Project Performance-based project implemented by TVET SCV controls execution, financial management, milestone reporting, and bears performance accountability.
Bavarian Ethiopian Youth Employment Promotion Project (BEYEPP) Donor-funded vocational project SCV acts as implementing entity with decision-making authority over project execution and financial administration.

Although certain projects are funded by external donors (e.g., World Bank, Bavarian State Chancellery, Woord en Daad), SCV retains implementation authority, operational control, and responsibility for financial management, thereby meeting the control criteria under IPSAS 35.

3. Consolidation Method

The consolidation has been performed using the line-by-line aggregation method as prescribed by IPSAS 35.

Assets, liabilities, revenue, and expenses of the controlled programs and projects are combined with those of SCV on an account-by-account basis.

Due to ERP system limitations, the financial statements were consolidated manually, by grouping account balances line-by-line into their respective nature and functional classifications. Each program maintains separate finance divisions and accounting records throughout the year; however, as part of SCV's coordinated budgeting and governance framework, transactions are consolidated at reporting date to present the financial position and performance of SCV as a single economic

4. Significant Judgments in Assessing Control

Significant judgment is applied in determining control over donor-funded and performance-based projects, particularly where:

Funding originates from external partners;

Performance-based payment mechanisms exist (e.g., EASE Project);

Projects operate under structured implementation frameworks (e.g., Job and Business Service Model under EYE).

Management evaluates whether SCV retains substantive decision-making authority, exposure to variable benefits (including reputational, operational, and performance outcomes), and the ability to influence those benefits. Based on this assessment, the above programs and projects are consolidated.

ONLY FOR SELAM CHILDREN VILLAGE

AABE የኢትዮጵያ የሂሳብ አያያዝ እና አዲት ቦርድ
ACCOUNTING AND AUDITING BOARD OF ETHIOPIA



የምዝገባ የምስክር ወረቀት
CERTIFACTE OF REGISTRATION

Registration No: ADF00089
የምዝገባ ቁጥር ADF00089

የኢትዮጵያ የሒሳብ አያያዝና አዲት ቦርድ በሚኒስትሮች ምክር ቤት ደንብ ቁጥር 332/2007 አንቀጽ 6 በተሰጠው ስልጣን መሠረት ይህንን የምዝገባ የምስክር ወረቀት

ለ ሰለሞን እሸቴ የተመሰከረላት የኦዲት ድርጅት ተሰጥቷል ።

ይህንን የምዝገባ የምስክር ወረቀት ይዞ በኢትዮጵያ አስከ ጥር 30/2018 ዓ.ም ድረስ የኦዲቲንግ አገልግሎት መስጠት ይችላል።

የተሰጠበት ቀን - 07-09-2017

The Accounting and Auditing Board of Ethiopia by virtue of the power vested in it by the the Council of Ministers' Regulation No. 332/2014 Article 6 hereby issues this Certificate of Registration to

Solomon Eshete Certified Audit Firm.

This Certificate of Registration enables the holder to carry out Auditing service in Ethiopia until 2026-02-07 .

Date of issue- 2025-05-15

Director General, AABE

FOR SELAM CHILDREN VILLAGE
ONLY FOR SELAM CHILDREN VILLAGE

ይህ ሰነድ የመነጨው ከ www.eservices.gov.et ላይ ነው
This document is generated from www.eservices.gov.et

በአዲስ አበባ ከተማ አስተዳደር ንግድ ቢሮ
Addis Ababa City Administration Trade Bureau

ONLY FOR SELAM CHILDREN VILLAGE

የግብር ከፋይ መለያ ቁ. /TIN 0001127134
የንግድ ምዝገባ ቁ . AR/AA/1/0000646/2004
Principal Registration No.
የቀድሞው ንግድ ፈቃድ ቁጥር 01/1/17870/04
Previous License No.
የንግድ ሥራ ፈቃድ ቁጥር 14/670/5821/2004
Business License No.
ቀድሞ ተሰጠበት ቀን 10/12/2004
Previous Date of issuance
የተሰጠበት ቀን 1/13/2004
Date of issuance
የታደሰበት ቀን : 30/4/2018
Renewal Date



ንግድ ሥራ ፈቃድ
በንግድ ምዝገባና ፈቃድ አዋጅ ቁጥር 980/2008 መሰረት ተሰጠ

1. የግለሰቡ/ድርጅቱ ስም: ሰለሞን እሸቴ ነጋሽ
2. ዜግነት: ኢትዮጵያዊ
3. የንግድ ስም
4. ሥራ አስኪያጅ ስም: አቶ ሰለሞን እሸቴ ነጋሽ
5. የንግድ ድርጅቱ አድራሻ
   ክልል: አዲስ አበባ ዞን/ክፍለ ከተማ: አራዳ
   ወረዳ: 06 ቀበሌ: ---
   የቤት ቁጥር: 922/307 ስልክ ቁጥር: 0911404989
   ፋክስ: ኢ-ሜይል:
6. የንግድ ሥራ መስክ
   (85212)ተፈቀደለት አዲተር ,(85211)የተፈቀደለት የሂሳብ አዋቂ
7. ካፒታል በኢት ብር: 24,941,927.00

ይህ የንግድ ፈቃድ ዛሬ 30/4/2018 በ አዲስ አበባ ተሰጥቷል

የሃላፊ ስም/Name of Official
ፊርማ/Signature

በተሟሙ የተረጋገጠ
የንግድ ስራ ፈቃድ
የምስክር ወረቀት

Business License
Issued Under Commercial Registration and Business license proc.No 980/2016

1. Owner/Company Name: SOLOMON ESHETE NEGASH
2. Nationality: Ethiopian
3. Trade Name
4. General Manager Name: Mr. SOLOMON ESHETE NEGASH
5. Business Address
   Region: Addis Ababa Zone/Sub City: Arada
   Woreda: 06 Kebele: ---
   House No.: 922/307 Tel.No: 0911404989
   Fax: E-mail
6. Field of Business
   (85212)Authorized Auditor , (85211)Authorized Accountant
7. Capital in ETB: 24,941,927.00

This Business License is issued in Addis Ababa
this day 1/8/2026

ለ 2018 ታድሷል

ONLY FOR SELAM CHILDREN VILLAGE

ማሳሰቢያ- 1. ይህ የንግድ ፍቃድ በዓዋጅ ፈቃድ ቁጥር 980/2008 መሠረት እንደ የበጀት ዓመቱ በአዋጅ በተቀመጠው መሰረት መታደስ አለበት።
N.B. This License Shall be renewed in accordance with Proclamation No. 980/2008 as per the fiscal year.
2. ይህ የንግድ ፈቃድ የምስክር ወረቀት በዋስትና ወይም በእዳ ሊያዝ አይችልም።
The holder of this License is forbidden for surety ship or debt

በአዲስ አበባ ከተማ አስተዳደር ንግድ ቢሮ
Addis Ababa City Administration Trade Bureau

ONLY FOR SELAM CHILDREN VILLAGE



የግብር ከፋይ መለያ ቁጥር/TIN 0001127134
የንግድ ምዝገባ ቁጥር AR/AA/1/0000646/2004
Principal Registration No
የቀድሞው የምዝገባ ቁጥር 01/1/16218/04
Previous Registration No
የቀድሞው የምዝገባ ቀን 12/10/2004
First Registration Date 1/13/2004
መጀመሪያ የተመዘገበበት ቀን
የተሻሻለበት ቀን : 25/10/2017
Modification Date

የንግድ ምዝገባና የፈቃድ አሰጣጥ ቁጥር 980/2008 መሰረት የተሰጠ

Commercial Registration Certificate
Issued under Commercial Registration and Business license proc No. 980/2016

1. የግለሰቡ/ድርጅቱ ስም
ሰለሞን እሸቴ ነጋሽ

ዜግነት ኢትዮጵያዊ

3. የሥራ አስኪያጅ ስም
አቶ ሰለሞን እሸቴ ነጋሽ

4. የንግድ ድርጅቱ አድራሻ
ክልል አዲስ አበባ ዞን/ክፍለ ከተማ አራዳ
ወረዳ 06 ቀበሌ ---
የቤት ቁጥር 922/307 ስልክ ቁጥር 0911404989
ፋክስ ኢ-ሜል

5. ካፒታል በኢት. ብር 24,941,927.00

6. የተሰማራባቸው የንግድ ሥራዎች
6 : የጅምላ እና የችርቻሮ ንግድ፣ የጥገና፣ ሆቴልና ሬስቶራንት፣ የአስመጪነትና የላኪነት ንግድ ስራዎች, 7 : የትራንስፖርት፣ የመጋዘንና የኮሙኒኬሽን ሥራዎች , 8 : የፋይናንስ፣ ኢንሹራንስ የሪል ስቴትና የንግድ ሥራዎች

1.Owner/ Company Name
SOLOMON ESHETE NEGASH

2. Nationality Ethiopian

3. General Manager Name
Mr. SOLOMON ESHETE NEGASH

4. Business Address
Region Addis Ababa Zone/Sub City Arada
Woreda 06 Kebele ---
House No. 922/307 Tel. No 0911404989
Fax E-mail

5. Capital in ETB 24,941,927.00

6. Type of activities engaged
, 6 : WHOLESALE AND RETAIL TRADE; REPAIR, HOTELS AND RESTAURANTS; IMPORT AND EXPORT BUSINESSES, 7: TRANSPORT, STORAGE AND COMMUNICATION ACTIVITIES, 8. FINANCIAL INTERMEDIATION, INSURANCE, REAL ESTATE AND BUSINESS SERVICES

የግብር ከፋይ መለያ ቁጥር 0001127134 የተመዘገበ መሆኑን አረጋግጠናል ::
This is to certify that has duly been registered under TIN 0001127134

የዚህ የምዝገባ የምስክር ወረቀት ዛሬ 25/10/2017 ተሰጠ።
This Registration Certification is issued in Addis Ababa 7/2/2025

ነጋሽ ግዛቸው እንዳለው
የንግድ ምዝገባና ፈቃድ ደንበኞች
አገልግሎት ዳይሬክተር

የሥራ ኃላፊ ስም/Official's Name ፊርማ/Signature ማህተም/Seal

ማሳሰቢያ:- 1 ይህ የንግድ ምዝገባ የምስክር ወረቀት በዋስትና ወይም በእዳ ሊያዝ አይችልም።
N.B. The holder of this License is forbidden for surety ship or debt

ONLY FOR SELAM CHILDREN VILLAGE

ONLY FOR SELAM CHILDREN VILLAGE

ONLY FOR SELAM CHILDREN VILLAGE

Member

This is to certify that

Solomon Eshete Negash

was admitted a Member of the Association
on 16 July 2010

Given under the Seal of the Association
on 16 September 2010

President

Deputy President

Secretary

ACCA

Association of Chartered Certified Accountants

This certificate remains the property of ACCA and must not in any circumstances be copied, altered or otherwise tampered

ACCA retains the right to demand the return of this certificate at any time and without giving reason

0763718

00838299

ONLY FOR SELAM CHILDREN VILLAGE

ONLY FOR SELAM CHILDREN VILLAGE

SELAM CHILDREN'S VILLAGE
HEAD OFFICE NO.1

CamScanner

ACCA

ONLY FOR SELAM CHILDREN VILLAGE

Practising Certificate

This is to certify that

Solomon Eshete Negash

having complied with the bye-laws of the Association is entitled to practise as a Chartered Certified Accountant in Ethiopia subject to prevailing legislation.

Certificate number 24616619

Valid until 30 June 2026

0763718

ONLY FOR SELAM CHILDREN VILLAGE

Association of Chartered Certified Accountants

This electronic certificate remains the property of ACCA and must not in any circumstances be copied, altered or otherwise defaced.

ACCA retains the right to invalidate this electronic certificate at any time and without giving reason.

Think Ahead

የኢትዮጵያ ፌዴራላዊ ዴሞክራሲያዊ ሪፐብሊክ
የአዲስ አበባ ከተማ አስተዳደር ገቢዎች ባለስልጣን
Federal Democratic Republic of Ethiopia
ADDIS ABABA CITY ADMINISTRATION REVENUE AUTHORITY

የግብር ከፋይ ምዝገባ ሰርተፊኬት
TAXPAYER REGISTRATION CERTIFICATE

የግብ ከፋይ መለያ ቁጥር: Taxpayer Identification Number:	0001127134
የድርጅት/የግለሰብ ሥም: Name of Business/Individual:	ሰለሞን እሸቱ ነጋሽ SOLOMON ESHETE NEGASH
የተመዘገበ አድራሻ/Registered Address:	
ክልል: Region:	አዲስ አበባ ADDIS ABABA
ዞን/ክ/ከተማ: Zone/Sub City:	አራዳ ARADA
ወረዳ: Woreda:	
ቀበሌ /በአምርቻ/: Kebele/Farmer's Assoc.:	ወረዳ 06 WOREDA 06
የቤት ቁጥር: House No.:	922/307
የንግዱ ዓይነት: Nature of Business:	ACCOUNTING, TAX PREPARATION, BOOKKEEPING
ሰጪው ባለሥልጣን: Issuing Authority:	የአዲስ አበባ ከተማ አስተዳደር ገቢዎች ባለስልጣን ADDIS ABABA CITY ADMINISTRATION REVENUE AUTHORITY
የተሰጠበት ቀን: Date of Issuance:	07 HEDAR 2006 16-NOV-13

ይህ የምስክር ወረቀት የግብር ከፋዩን ብቸኛ የግብር ከፋይነት ምዝገባ ሲሆን ከዚህ ቀደም የነበሩ የግብር ከፋይነት ምዝገባ ሰነዶች ካለ ይህ ሰነድ የተኩ መሆናቸውን ያሰታል
ካሳይ በተመዘገበው መረጃ ላይ ማንኛውም አይነት ለውጥ ቢደረግ ግብር ከፋዩ ለሚመለከተው የግብር ሰብሳቢ ጽ/ቤት የማሳወቅ ግዴታ አለበት።

This certificate represents the sole and only registration as a taxpayer and supersedes all prior registration documentation.
The taxpayer is responsible for notifying the appropriate Tax Office of any changes to the above information.

የሰርተፊኬት ቁ.: Certificate No.: 95500520816

የባለሥልጣኑ መ/ቤት ማህተም
Seal of Issuing Authority

ONLY FOR SELAM CHILDREN VILLAGE
ONLY FOR SELAM CHILDREN VILLAGE
ONLY FOR SELAM CHILDREN VILLAGE
SELAM CHILDREN'S VILLAGE HEAD OFFICE NO.1
CamScanner

በኢትዮጵያ ፌዴራላዊ ዲሞክራሲያዊ ሪፐብሊክ
የኢትዮጵያ ገቢዎችና ጉምሩክ ባለሥልጣን
የተጨማሪ እሴት ታክስ
የምዝገባ የምስክር ወረቀት

The Federal Democratic Republic of Ethiopia
Ethiopian Revenue and Customs Authority
Value Added Tax
Registration Certificate

ONLY FOR SELAM CHILDREN VILLAGE

ስም/ር ወይም የድርጅት ስም ሰለሞን እሸቱ ንጋሽ

የንግድ ስም (ካለዉ) -

ዞን/ክፍለ/ አዲስ አበባ ክ/ከተማ/ክልል አራዳ ወረዳ

ቀበሌ/ግ/ማህበር WOREDA 06 የቤት ቁጥር 922/307 ሰልክ ቁጥር ፖ.ሣ.ቁ

ከዚህ በማብር ከፋይ መለያ ቁጥር የሚከተለዉ በተጨማሪ እሴት ታክስ አዋጅ ቁጥር 285/ 1994

አንቀጽ 16 ወይም አንቀጽ 18 መሰረት በተጨማሪ እሴት ታክስ ተመዝጋቢ ሆነዋል ቁጥሩ 5271820816 ከ መስከረም 01 ቀን 2005 ዓ.ም ጀምሮ ስለተመዘገቡ ይህ የምዝገባ ሰርተፊኬት ተሰጥቷቸዋል::

Name of Individuals or Company Name SOLOMON ESHETE NEGASH

Trade name /If any/ SOLOMON ESHETE

Address (Region) ADDIS ABABA Zone / Sub city ARADA Woreda NO WOREDA-139

Kebele/Farmers Ass. WOREDA 06 House No. 922/307 Telephone No. P.O. Box

Whose Taxpayer Identification Number (TIN) is 0001127134 has been registered in accordance with VAT Proclamation No. 285/2002

Article 16 or Article 18 and hence, this VAT registration Number 5271820816 has been issued starting from 11-SEP-2012 .

CERTIFIED AUDIT FIRM
SOLOMON ESHETE
CHARTERED CERTIFIED ACCOUNTANTS UK

SELAM CHILDREN'S VILLAGE
HEAD OFFICE NO.1

21-AUG-2012/ 1056220816

የደንበኞች አገልግሎት ዳይሬክቶሬት ዳይሬክተር
Customers Service Directorate Director

ONLY FOR SELAM CHILDREN VILLAGE

CamScanner