**CHAPTER 5**

**FINANCIAL STATEMENTS**

The financial statements presented are intended to meet the needs of users who are not in a position to demand reports tailored to meet their specific requirements. These users include stakeholders such as members of the legislature, donors, lenders, tax payers and employees.

The objective of the financial statements is to provide information about the financial position, performance and cash flows that is useful in making and evaluating decisions about the sources, allocation and uses of financial resources and about how the activities were financed. In addition, the financial reporting also provides users with information about whether resources were used in accordance with the approved budget.

Transparency in government begins with full and fair disclosure of financial information. The FGE uses the International Public Sector Accounting Standards (IPSAS) issued by the Public Sector Section of the International Federation of Accountants as a basis for establishing the financial statements.

The FGE accounting system can produce the following set of financial statements:

* A set of federal-level financial statements that includes:
	+ Statement of Financial Position
	+ Statement of Financial Performance
	+ Statement of Changes in Net Assets/Equity
	+ Cash Flow Statement
	+ Accounting Policies and Notes to Financial Statements
	+ Statement of Comparison of Budget and Actual Amounts – Domestic Revenue
	+ Statement of Comparison of Budget and Actual Amounts – External Assistance
	+ Statement of Comparison of Budget and Actual Amounts – Expenditure
	+ Comparison of Original and Adjusted Budget and Actual Amounts
	+ Statement of Expenditure by Functional Classification
* A set of countrywide financial statements that includes:
	+ Summary Statement of Domestic and External Revenues
	+ Summary Statement of Expenditure
	+ Summary Statement of Expenditure and its Statement.

In addition to the above financial statements, the accounting system also produces detailed revenue and expenditure schedules that provide detailed information and analysis of the summary countrywide financial statements.

The remainder of this chapter describes the format of each financial statement.

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| **GOVERNMENT OF ETHIOPIA** |
|  |  |  |  |  |  |  |  |  |  |
| **Statement of Financial Position** |
| As at 7 July 20X2 |
|  |  |  |  |  |  |  |  |  |  |
| **Ethiopian Birr '000** |  |  |  |  |  |  |  |
|  |  |  |  |  | **Notes** |  **20X2**  |  |  |  20X1  |
|  |  |  |  |  |  |  |  |  |  |
| **ASSETS (CURRENT)** |  |  |  |  |  |  |  |
| Cash and cash equivalents |  |  | 1 | **0** |  |  | 0 |
| Receivables |  |  |  | 2 | **0** |  |  | 0 |
|  |  |  |  |  |  |  |  |  |   |
| **Total Assets** |  |  |  | **0** |  |  | **0** |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LIABILITIES(CURRENT)**  |  |  |  |  |  |  |  |
| Current Liabilities - Payables |  |  | 3 | **0** |  |  | 0 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **Total liabilities** |  |  |  | **0** |  |  | 0 |
|  |  |  |  |  |  |  |  |  |  |
| **Net Current Assets/(Liabilities)** |  |  |  | **0** |  |  | 0 |
|  |  |  |  |  |  |  |  |  |  |
| **NET ASSETS/EQUITY** |  |  |  |  |  |  |  |
| Accumulated surpluses/deficits |  | **0** |  |  | 0 |
|  |  |  |  |  |  |  |  |  |  |
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| **GOVERNMENT OF ETHIOPIA** |
| **Statement of Financial Performance** |
| For the year ended 7 July 20X2 |
| **Ethiopian Birr '000** |  |  |  |  |  |
|  |  |  | **Notes** |  |  **20X2**  |  |  20X1  |
| **OPERATING ACTIVITIES** |  |  |  |  |  |
| **Operating Revenue** |  |  |  |  |  |
| Tax revenues | 4 |  | **0** |  | 0 |
| Non-tax revenues | 5 |  | **0** |  | 0 |
| Subsidies |  | 6 |  | **0** |  | 0 |
| Municipality revenues | 7 |  | **0** |  | 0 |
| Other revenue | 8 |  | **0** |  | 0 |
| **Total operating revenue** |  |  | **0** |  | **0** |
|  |  |  |  |  |  |  |  |
| **Operating Expenses** |  |  |  |  |  |
| Subsidies |  |  |  | **0** |  | 0 |
| Personnel services | 9 |  | **0** |  | 0 |
| Goods and services | 10 |  | **0** |  | 0 |
| Fixed assets and construction | 11 |  | **0** |  | 0 |
| Other expenses | 12 |  | **0** |  | 0 |
| **Total operating expenses** |  |  | **0** |  | **0** |
|  |  |  |  |  |  |  |  |
| **Surplus/(deficit) from operating activities** |  |  | **0** |  | 0 |
|  |  |  |  |  |  |  |  |
| **NON OPERATING ACTIVITIES** |  |  |  |  |  |
| External assistance | 13 |  | **0** |  | 0 |
| External loans | 14 |  | **0** |  | 0 |
| Capital revenue | 15 |  | **0** |  | 0 |
| Debt repayments - principal | 16 |  | **(0)** |  | **(0)** |
| Finance costs | 17 |  | **(0)** |  | **(0)** |
|  |  |  |  |  |  |  |  |
| **Surplus/(deficit) from non operating activities** |  | **0** |  | 0 |
|  |  |  |  |  |  |  |  |
| **Surplus/(deficit) for the year** |  |  | **0** |  | 0 |

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| **GOVERNMENT OF ETHIOPIA** |  |
| **Statement of Changes in Net Assets/Equity** |  |
| For the year ended 7 July 20X2 |   |
|  |  |  |  |  |  |  |  |  |
| **Ethiopian Birr '000** |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **Balance at 7 July 20X1** | **0** |  |  |
|  |  |  |  |  |  |  |  |  |
| Changes in accounting policy/Fundamental errors | 0 |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **Restated balance** | **0** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Net surplus/(deficit) for the year | 0 |  |  |
|  |  |   |  |  |  |  |  |  |
| **Balance as at 7 July 20X2** | **0** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
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| **GOVERNMENT OF ETHIOPIA** |
| **Cash Flow Statement** |
| For the year ended 7 July 20X2 |
| **Ethiopian Birr '000** |  |  |  | 20X2 |  | 20X1 |
| **1** | **CASH FLOW FROM OPERATING ACTIVITIES** |  |  |  |  |
|  |  | Tax revenues  |  |  | **0** |  | **0** |
|  |  | Non tax revenues  |  |  | **0** |  | **0** |
|  |  | Other income |  |  | **0** |  | **0** |
|  |  | Miscellaneous income |  | **0** |  | **0** |
|  |  | Municipality revenues |  | **0** |  | **0** |
|  |  | Regional subsidy  |  |  | **0** |  | **0** |
|  |  | *Total Receipts - A* |  | **0** |  | **0** |
|  |  | Personnel services |  |  | **0** |  | **0** |
|  |  | Goods and services  |  |  | **0** |  | **0** |
|  |  | Finance charges  |  | **0** |  | **0** |
|  |  | Subsidies |  |  | **0** |  | **0** |
|  |  | Other expenses |  | **0** |  | **0** |
|  |  | *Total Payments - B* |  | **0** |  | **0** |
|  |  | ***Non Cash Movements*** |  |  |  |  |
|  |  | Increase/(Decrease) in payables  |  | **0** |  | **0** |
|  |  | Increase/(Decrease) in receivables  |  | **0** |  | **0** |
|  |  |  | *Total Non Cash Movements - C* |  | **0** |  | **0** |
|  |  |  ***Net Cash Flow from Operating Activities***  |  | **0** |  | **0** |
| **2** | **CASH FLOW FROM INVESTING ACTIVITIES** |  |  |  |  |
|  |  | Sale of assets |  |  | **0** |  | **0** |
|  |  | Sale of equity |  |  | **0** |  | **0** |
|  |  | Repayment of borrowings to government |  | **0** |  | **0** |
|  |  | Privatization proceeds |  | **0** |  | **0** |
|  |  | Capital receipts from non government |  | **0** |  | **0** |
|  |  | *Total Receipts (A)* |  | **0** |  | **0** |
|  |  | Fixed Assets and Construction  |  | **0** |  | **0** |
|  |  | Govt. lending or equity investments |  | **0** |  | **0** |
|  |  | *Total Payments (B)* |  | **0** |  | **0** |
|  |  | ***Net Cash Flow from Investing Activities***  |  | **0** |  | **0** |

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| **GOVERNMENT OF ETHIOPIA** |
| **Cash Flow Statement** |
| For the year ended 7 July 20X2 |
| **Ethiopian Birr '000** |  |  |  |  |  |  |
|  |  |  |  |  |  | 20X2 |  | 20X1 |
| **3** | **CASH FLOW FROM FINANCING ACTIVITIES** |  |  |  |  |
|  |  | Proceeds from external assistance |  | **0** |  | **0** |
|  |  | Proceeds from external loans |  | **0** |  | **0** |
|  |  | *Total Receipts (A)* |  | **0** |  | **0** |
|  |  |  |  |  |  |  |  |  |
|  |  | Debt repayments – external *Total Payments (B)* |  | **0** |  | **0** |
|  |  |  |  |  |  |  |  |  |
|  |  |  ***Net Cash Flow from Financing Activities***  |  | **0** |  | **0** |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **4** | **NET INCREASE/(DECREASE) IN CASH &CASH EQUIVALENTS**  | **0** |  | **0** |
|  |  |  |  |  |  |  |  |  |
| **5** |  | **Cash and Cash Equivalents at Beginning of Year**  |  | **0** |  | **0** |
| **6** |  | **Net Increase/(Decrease) in Cash Equivalents During the Year**  | **0** |  | **0** |
| **7** |  | **Cash and Cash Equivalents at End of Year** |  | **0** |  | **0** |
|  |  |  |  |  |  |  |  |  |