



Berhan Bank

Contract Agreement

Between

Berhan Bank S.C.

and

Kokeb & Melkamu Audit Partnership

For the Provision of Audit Service



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29/04/2025

Contract No. BrB/Audit /2024/25/46



**April, 2025
Addis Ababa**

Contract Agreement for Provision Audit Service Between Kokeb & Melkamu Audit Partnership

AUDIT SERVICES CONTRACTUAL AGREEMENT

This Contract has been entered into today **April 14, 2025** here in Addis Ababa between **Berhan Bank S.C**, whose address is: Addis Ababa, Bole Sub-City, Tel. +251-6630127 Fax +251-6623431, P. O. Box 387 code 1110, email:info@berhanbanksc.com bank (here in after referred to as the "Auditee" on the one part.

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Kokeb & Melkamu Audit Partnership- Chartered Certified Accountants (UK) (hereafter called the Auditor), located in Addis Ababa, Bole Sub-City, Woreda 02, House No: New on the other part have entered into the following contractual agreement.

Article One: Purpose

The auditee has hereby assigned Kokeb & Melkamu Audit Partnership- Chartered Certified Accountants (UK) to audit the books of accounts of the Auditee for the budget years 2024/2025, 2025/2026, and 2026/2027 and the service provider has agreed to conduct the audit work with due observance of the audit guideline, thus issued by the law of the country and the National Bank of Ethiopia.

Article Two: Duty and responsibility of the Auditor

- 2.1 The Auditor will be responsible for the audit of the general-purpose financial statements prepared on the basis of International Financial Reporting Standard (IFRS) for the year ending 30 June 2024/2025, 2025/2026, and 2026/2027 and to finalize the audit within two month from start of the audit for each financial year provided that all necessary documents and information requested by the auditor are provided timely.
- 2.2 The auditor shall report to the shareholders his opinion whether the general purpose financial statements are presented fairly in accordance with financial reporting standards and if not to state significant departures there from and to explain details. Should the effect of such departure are not disclosed in the financial statements at the request of management the reason for the departure would have to be stated in the audit report.



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2.3 In arriving at his opinion, the Auditor shall consider the following salient points:-

- i. Whether the Bank has kept proper accounting records and proper returns, adequate for the audit have been duly received from branches not visited by the Auditor.
- ii. Whether Bank's statement of financial position and statement of profit or loss and other comprehensive Income are in agreement with the accounting records and returns.
- iii. Whether the Auditor has obtained all the information and explanations, which are necessary for the purpose of audit.

2.4 In accordance with an audit practice, the Auditor performs the audit in accordance with International Standards on Auditing (ISA) and the audit is planned primarily to enable him to express his professional opinion on the financial statements. Agreed herewith that it should not be relied on to disclose misuse of money or property or other irregularities. Their disclosure, if they exist, may well result from the audit tests the Auditor undertakes.

2.5 The audit work that the Auditor has to perform in order to enable him to form his professional opinion on the financial statements will include;

- i. A review of the Auditee's systems of accounting records and internal controls;
- ii. Such tests and inquiries as the Auditor considers necessary for the purpose of the audit, which apply inter alia to:
 - a) The day - to - day operations of the Bank; and
 - b) The verification of assets and liabilities
- iii. It is agreed that the nature and extent of such tests will vary according to the audit assessment of the Bank systems of internal control and may cover all aspects of the activities, including, where appropriate attendance at stocktaking and an examination of stocktaking procedures.

2.6 Submission of the final audit report along with the Internal Control Memorandum (management letter) will make the end of the audit work.



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- 2.7 Prior to submission of the final audit report to the Bank's management, the Auditor agrees to submit the draft report and the draft Internal Control Memorandum or management letter to the Auditee's for review and discussion. After the Bank Officer ascertains that all data are duly considered and reflected in the audit work, and comments given in the ICM are mutually agreed upon, the Auditor shall proceed to issuing the official audit reports along with the ICM.
- 2.8 After the Bank Officer ascertains that all data are duly considered and reflected in the audit work, and comments given in the ICM are mutually agreed upon, the Auditor shall proceed to issuing the official audit reports along with the ICM.
- 2.9 The audit firm shall start the audit work from end of May each year. The final audited financial statements and management letter shall be submitted to the bank before 25 September each year.
- 2.10 The Auditor agrees to submit to the Bank Office the audit reports and the Internal Control Memorandum in sufficient copies.
- 2.11 The auditor shall provide assurance that the financial statements have been prepared in accordance with relevant regulatory requirements, among others, and if not, provide an opinion on the matter.
- 2.12 The auditor shall focus on the recoverability and the carrying value of loans, investments and other assets shown in the financial statements, and also identification and adequate disclosure of all material commitments and liabilities.

Article Three. Duty and responsibility of the Auditee

- 3.1 The Bank takes the responsibility of preparing the general-purpose financial statements and the Maintenance of the Auditee's accounting records.
- 3.2 The Bank agrees to take the responsibility for making adjustments to the financial statements or the preparation thereof. Although the Auditor may give assistance to such an accounting function, it is hereby agreed that the Bank is responsible for keeping proper accounting records.



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- 3.3 The Bank agrees to remit the audit fee, which is agreed in this contract after the Auditor submits the official audit reports along with the Internal Control Memorandum to the Auditee.
- 3.4 The Bank agrees to provide its comments on the draft financial statements within two weeks' time for both audit opinion on the financial statements and the ICM.

Article Four: Mode of payment

The total service fee payable to the Auditor by the auditee for the general-purpose financial statements for the budget years ended June 30, 2024/2025 **Birr 538,200.00 (Birr Five Hundred Thirty Eight Two Hundred)**, June 30, 2025/26 **Birr 645,840.00 (Birr Six Hundred Forty Five Thousand Eight Hundred Forty)** and June 30, 2026/27 **Birr Birr 775,008.00 (Birr Seven Hundred Seventy Five Thousand Eight)** all including 15% VAT.

Article Five: Other conditions

- 5.1 If the draft financial statements and supporting schedules presented to the Auditor are found to be unsatisfactory or otherwise incomplete, the Auditor has the right to withdraw his staff members temporarily until Bank has made the necessary corrections. This will add to the time, which is agreed to finish the audit work, and the cost.
- 5.2 The working papers for the audit work are agreed to be the property of the Auditor and constitute confidential information.
- 5.3 If the Auditor is requested to make certain working papers available to regulators pursuant to authority given to them by law or regulation, access to such working papers will be provided under supervision of the Auditor personnel. Furthermore, upon request, the Auditor may provide photocopies of selected working papers to a statutory regulator, the regulator may intend or decide to distribute the photocopies or information contained therein to others, including other governmental agencies. If issues in this connection arise the Auditor will notify the management.



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Article Six: Liquidated Damages and Interest

- 6.1 If the Auditor delays the service more than the set completion time he has to pay 1% of the total fee for every day of delay unless such delay is caused by the Auditee. If the delay is caused by the Auditee, the Bank has to effect similar payment
- 6.2 Where the Auditee delays service fee payment beyond the time agreed, it shall pay interest as prescribed on the law.
- 6.3 The payment for liquidated damage and interest shall not be more than 10% of the total contract price for both parties.

Article Seven .Article Seven-Termination

- 7.1 This agreement may be terminated by one of the parties where the other party fails to perform the basic duties provided in the agreement.
- 7.2 The final audited report submission date is to be September 25 of each financial year.
- 7.3 The Auditee may terminate the agreement where the Auditor delays the completion and finalization of the services for more than 30 days after completion.
- 7.4 The contract agreement may be cancelled if the Auditor fails to fulfill the criteria set out in NBE directive No. SBB/86/2023 due to change in its ownership, directors and managers and any disciplinary or legal actions taken against the audit firm or any of its audit team, or due to other similar matters.

Article Eight: Notice

All notices shall be made in writing to the following addresses;

Auditee:-

Berhan Bank S.C
P.o.Box- 387 code 1110
Tel.-011-66300127/116185732
Fax.-011-6623431

Auditor:-

Kokeb & Melkamu Audit Partnership- Chartered Certified Accountants (UK)
P.o.Box- 33645
Tel.-251-116-16-69-56
Fax.-251-11-515-26-88



Article Nine: Confidentiality

Article Ten: Contract Documents

- i. The Financial offer submitted by the auditor
- ii. Written correspondence by both parties,
- iii. The technical proposal submitted by the auditor

11.1 Any dispute arising out of this agreement shall be settled through negotiation between the Auditee and the Auditor

11.2 Where disputes cannot be settled amicably they shall be referred to the court having jurisdiction;

12.1 This agreement shall be governed and interpreted in accordance with laws of Ethiopia.

12.2 All the respective right and duties of the Auditee and the Auditor, which are not clearly stated in this agreement, shall be governed by the pertinent provisions of the Ethiopian law.

This agreement shall come into effect upon the date of its signature by the Auditee and the Auditor.



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Article Fourteen: Place of Agreement

This agreement is signed in Addis Ababa at the Bank's Head office located TK Building, in front of Bole Overpass Bridge,

For Auditee (Berhan Bank S.C.) Tamru Bekele Director - Supply Chain & Contract Management Department Name _____ Title _____ Signature <u><i>Tamru Bekele</i></u> Date <u>23-04-2025</u>	For Auditor (KoKeb & Melkamu Audit Partnership) Name Ato Melkamu Belete Title Senior Partner Signature <u><i>Melkamu Belete</i></u> Date <u>23/04-25</u>
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WITNESS

1. Name <u>Bisrat Ababekelu</u>	Signature <u><i>Bisrat</i></u>	Date <u>23/04/25</u> Tel.No. <u>0937161536</u>
2. Name <u>Solomon Yazerew</u>	Signature <u><i>Solomon</i></u>	Date <u>23/04/25</u> Tel.No. <u>0913865211</u>
3. Name <u>Senelaja F/Tsion</u>	Signature <u><i>Senelaja</i></u>	Date <u>25/4/25</u> Tel.No. _____