



**PAN AFRICAN FEDERATION OF ACCOUNTANTS
(Non-Profit Organisation, Registration No: 094-631-NPO)
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2023**

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PAN AFRICAN FEDERATION OF ACCOUNTANTS
(Non-Profit Organisation, Registration No: 094-631-NPO)
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2023

BOARD'S RESPONSIBILITY AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The Board is responsible for the preparation and presentation of the annual financial statements of the Pan African Federation of Accountants ("the Federation") set out on pages 10 to 23 which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, the statement of changes in reserves and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The Board's responsibility includes: determining that the basis of accounting is an acceptable basis for preparing and presenting the financial statements in the circumstances, preparing and presenting the financial statements in accordance with International Financial Reporting Standards and in the manner required by the Constitution of the Federation, and maintaining such systems of internal financial control as the Board determines necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.


Under the Constitution of the Federation, the Board is required to prepare financial statements for each financial year which present fairly the state of affairs of the Federation as at the end of the financial year and of the operating results of the Federation for that year. It also requires the Board to ensure the Federation keeps proper accounting records which disclose, with reasonable accuracy, the financial position of the Federation. The Board accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards, the requirements of the Nonprofit Organisation Act of South Africa and in the manner required by the Constitution of the Federation. The Board is of the opinion that the financial statements present fairly the state of the financial affairs of the Federation and of its operating results.

The Board further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.


The annual financial statements are prepared on the going concern basis. Nothing has come to the attention of the Board to indicate that the Federation will not remain a going concern for the foreseeable future.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 10 to 23 were approved by the Board on 26 March 2024 and are signed on its behalf by:



KETO KAYEMBA
PRESIDENT



ALTA PRINSLOO
CHIEF EXECUTIVE OFFICER

Independent Auditor's Report

To the Board of PAN AFRICAN FEDERATION OF ACCOUNTANTS

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the financial statements of the PAN AFRICAN FEDERATION OF ACCOUNTANTS (Non-Profit Organisation) set out on pages 10 to 23, which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended 31 December 2023, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the PAN AFRICAN FEDERATION OF ACCOUNTANTS (Non-Profit Organisation) as at 31 December 2023, and its financial performance and cash flows for the 12-month period then ended, and notes to the financial statements, including a summary of significant accounting policies in accordance with International Financial Reporting Standards and the requirements of the Non-Profit Organisation Act 71 of 1997.

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 Federation in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa.

We have fulfilled our other ethical responsibilities in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board is responsible for the other information. The other information comprises the Board's report which we obtained prior to the date of this report. Other information does not include the Financial Statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Federation for the Financial Statements

The Board is responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standard and the requirements of the Non-Profit Organisation Act 71 of 1997, and for such internal control as is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the annual financial statements, the Board is responsible for assessing the Federation'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 the Board either intend to liquidate the Federation or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the annual 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 International Standards on Auditing, 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 risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Federation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board' 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 Federation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Federation to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during my audit.

Kopax Chartered Accountants Inc.

Director: Kagiso Magano
Chartered Accountant (SA)
Registered Auditor
26 March 2024

PAN AFRICAN FEDERATION OF ACCOUNTANTS
(Non-Profit Organisation, Registration No: 094-631-NPO)
REPORT OF THE BOARD
For the year ended 31 December 2023

The Board presents their report on the activities of the Pan African Federation of Accountants (“the Federation”) for the year ended 31 December 2023.

NATURE OF THE BUSINESS

The main activity of the Federation is to strengthen the capacity and influence of the accountancy profession in Africa to enhance trade, the quality of services, and trust in institutions. There have been no material changes to the nature of the Federation’s operations from the prior year.

FINANCIAL RESULTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Federation’s constitution and by-laws and the Non-Profit Organisations Act 71 of 1997 of South Africa as amended. The accounting policies have been applied consistently compared to the prior year.

The Federation recorded a surplus for the year ended 31 December 2023 of US\$ 102 058 (2022: US\$ 190 986).

The Federation’s revenue decreased from US\$ 1 299 261 in the prior year to US\$ 1 176 371 for the year ended 31 December 2023. This decrease is attributable to an adjustment in membership subscriptions due to reduction in the membership of some Members and Associates, which is used as a basis for the calculation of subscriptions. A 2.5% discount (2022: 5%) on membership subscriptions was approved by the Board to continue providing financial relief to the membership from the lingering implications of the COVID-19 pandemic.

The Federation’s cash flow generated from operating activities amounted to US\$ 66 558 positive in in 2023, (US\$ 132 432 utilised in the prior year) mainly due to a significant increase in finance income and other income.

PAN AFRICAN FEDERATION OF ACCOUNTANTS
(Non-Profit Organisation, Registration No: 094-631-NPO)
REPORT OF THE BOARD (continued)
For the year ended 31 December 2023

MEMBERS OF THE BOARD

Region	Professional Accountancy Organisation (PAO)	Name and Surname	Capacity
Office Bearers	Institute of Certified Public Accountants of Uganda (ICPAU)	Mrs Keto Kayemba ¹	President
	Ordre des Experts Comptables Tunisie (OEC Tunisie)	Mr Walid ben Salah ²	Vice President
Central (CR)	Ordre National des Experts Comptables du Congo (ONEC/RDC) ³	Mr Andre Foko	Designated
Eastern (ER)	Institute of Certified Public Accountants of Kenya (ICPAK)**	Mr Phillip Kakai (from October 2023)	Designated
		Mr George Mokuu (to October 2023)	
		Dr Grace Kamau	Technical Advisor
	l'Ordre des Professionnels Comptables du Burundi (OPC) ⁴	Mr Frederic Gahungu	Designated
Mr Amin Miramago		Technical Advisor	
Northern (NR)	Ordre des Experts Comptables du Royaume du Maroc (OEC) ⁴	Mr Issan EL Maguiri	Designated
Southern (SR)	Mauritius Institute of Public Accountants (MIPA) ⁴	Mr Den Surfraz	Designated
		Mr Kamal Raj Sadien	Technical Advisor
	South African Institute of Chartered Accountants (SAICA)**	Mr Nasiegh Hamdulay	Designated
		Mr Robert Zwane	Alternate
	South African Institute of Professional Accountants (SAIPA)**	Mr Shahied Daniels	Designated
		Ms Prem Govender	Technical Advisor
Ordem dos Contabilistas e Peritos Constabilistas de Angola (OCPCA)	Mr Alberto Seixas ⁵	Co-opted Member	
	Ms Soraya Jorge	Technical Advisor	
Western (WR)	Association of National Accountants of Nigeria (ANAN)**	Dr James Neminebor (from June 2023)	Designated
		Prof Ben Osioma (to May 2023)	
		Dr Kayode Fasua	Technical Advisor
	Institute of Chartered Accountants of Nigeria (ICAN)**	Dr Innocent Okwuosa (from June 2023)	Designated
		Mr Tijjani Musa Isa (to June 2023)	
	Mr Mukaila Lawal (from October 2023)	Technical Advisor	
Prof Ahmed Kumshe (to August 2023)			
Ordre National des Experts-Comptables et Comptables Agree de Burkina Faso (ONECCA-BKF) ⁴	Mr Yacouba Traore	Designated	
Ordre National des Experts-Comptables et Comptables Agrees Du Mali (ONECCA-M)	Ms Fatoumata Sidibé ⁵	Co-opted Member	
Institute of Chartered Accountants of Ghana (ICAG)	Ms Sena Dake ⁵	Co-opted Member	
	Mr Kwasi Agyemang	Technical Advisor	

Footnote

¹Vice President until term ended for Mr. Cosme Goundété on 19 June 2023.

PAN AFRICAN FEDERATION OF ACCOUNTANTS
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REPORT OF THE BOARD (continued)
For the year ended 31 December 2023

Footnote

²Elected at elective conference held 14 May 2023.

³Re-elected as Central region representative at the elective conference held 14 May 2023.

⁴Elected as regional representative at the elective conference held 14 May 2023. Regional representatives whose term ended 19 June 2023 following the elective conference held 14 May 2023, were:

ER - National Board of Accountants and Auditors (NBAA), Mr Pius Maneno;

NR - Ordre National des Experts Comptables Algériens (CN-ONEC), Mr Abdelkrim Bouhouche;

SR - Botswana Institute of Chartered Accountants (BICA), Ms Verily Molatedi;

WR - l'Ordre des Experts-Comptables de Côte d'Ivoire (OEC), Mr. Drissa Koné, Mr. Bodoa Kaguembega (Alternate) and Mr. Marc-Arthur Pomoin (Technical Advisor);

Co-opted NR - Ordre des Experts Comptables Tunisie (OEC Tunisie), Mr Abderraouf Ghorbel ;

Co-opted SR - Ordem dos Contabilistas E Auditores de Moçambique (OCAM), Prof. Mario Siteo;

⁵Co-option confirmed at a Board meeting held 19 June 2023. Ms Fatoumata Sidibé was reappointed;

**Five largest PAOs.

PAN AFRICAN FEDERATION OF ACCOUNTANTS
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REPORT OF THE BOARD (continued)
For the year ended 31 December 2023

EVENTS AFTER BALANCE SHEET

There were no events that occurred after the balance sheet date.

GOING CONCERN

The Board has a reasonable expectation that the Federation has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate.

AUDITORS

KOPAX Chartered Accountants and Auditors Incorporated have indicated their willingness to continue as Auditors for the Federation for 2024.

REGISTERED OFFICE

Business address:

93 Bekker Street, Howick Cl
Waterfall Office Park
Midrand
1685

Postal address:

PO Box 2407
Halfway House
Midrand
1685

ACKNOWLEDGEMENTS


PAFA appreciates the support of its board, volunteers, member organisations, staff, and other stakeholders during the year under review. In addition, PAFA would like to acknowledge the following:

- PwC South Africa for providing internal audit services amounting to US\$ 23 000 in 2023 on a pro bono basis.
- The South African Institute of Professional Accountants for providing office space and financial and ITC services to PAFA on a pro bono basis.
- The International Federation of Accountants and the International Federation of Francophone Accountants (FIDEF) for co-hosting with PAFA the Masterclass for Professional Accountancy Organisation Leadership in French-speaking Countries – Journey to IFAC Membership.
- The Institute of Certified Public Accountants of Kenya for hosting the inaugural meeting of the Forum for Heads of Quality Assurance Review Departments in Africa.
- The South African Institute of Chartered Accountants for hosting a meeting of selected professional accountancy organisations in the southern region to discuss mutual recognition agreements.
- The National Board of Accountants and Auditors in Tanzania and Ordre National des Experts Comptables et des Comptables Agréés du Burkina Faso for hosting the PAFA Board and Ordre des Experts-Comptables et des Comptables Agréés Cote d'Ivoire for hosting the PAFA Board, General Assembly (elective conference), and 7th edition of the Africa Congress of Accountants.

PAN AFRICAN FEDERATION OF ACCOUNTANTS
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REPORT OF THE BOARD (continued)
For the year ended 31 December 2023

- W.Consulting for sponsoring the participation of the PAFA representative on the IFRS Foundation Accounting Standards Advisory Forum.

The annual financial statements set out on pages 10 to 23, which have been prepared on a going concern basis, were approved by the Board on 26 March 2024 and signed on its behalf by:



KETO KAYEMBA
PRESIDENT



ALTA PRINSLOO
CHIEF EXECUTIVE OFFICER

PAN AFRICAN FEDERATION OF ACCOUNTANTS
(Non-Profit Organisation, Registration No: 094-631-NPO)
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Notes	2023 US\$	2022 US\$
Revenue	3	1 176 371	1 299 261
Other income	3	83 139	10 867
Exchange loss		(78 615)	(32 862)
Operating expenses	4	(1 029 432)	(983 623)
Net impairment movement on financial assets		(138 544)	(146 997)
Surplus before finance income and finance costs		12 919	146 646
Finance income	5	89 139	44 340
Surplus for the year		102 058	190 986
Tax ¹		-	-

¹ Note 1.7 refers. Exempted from paying income tax in line with Section 10(1) and Section 30 of the Income Tax Act of South Africa.

PAN AFRICAN FEDERATION OF ACCOUNTANTS
(Non-Profit Organisation, Registration No: 094-631-NPO)
STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2023

	Notes	2023 US\$	2022 US\$
ASSETS			
Non-current assets			
Property, plant and equipment	6	7 771	3 153
Current assets			
Trade and other receivables	7	402 878	341 771
Cash and cash equivalents	8	2 047 659	1 979 477
TOTAL ASSETS		<u><u>2 458 308</u></u>	<u><u>2 324 401</u></u>
EQUITY AND LIABILITIES			
Reserves			
Accumulated surplus		2 441 442	2 315 761
Current liabilities			
Trade and other payables	9	16 866	8 640
TOTAL EQUITY AND LIABILITIES		<u><u>2 458 308</u></u>	<u><u>2 324 401</u></u>

PAN AFRICAN FEDERATION OF ACCOUNTANTS
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STATEMENT OF CHANGES IN ACCUMULATED SURPLUS
For the year ended 31 December 2023

	Accumulated surplus US\$
Balance as at 1 January 2019	1 781 617
Deficit for the year 2019	(59 885)
Balance as at 31 December 2019	1 721 732
Surplus for the year 2020	419 113
Balance as at 31 December 2020	2 140 845
Surplus for the year 2021	(16 070)
Balance as at 31 December 2021	2 124 775
Surplus for the year 2022	190 986
Balance as at 31 December 2022	2 315 761
Credit loss reversal from previous period	23 623
Surplus for the year 2023	102 058
Balance as at 31 December 2023	2 441 442

PAN AFRICAN FEDERATION OF ACCOUNTANTS
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STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	2023	2022
	US\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	102 058	190 986
Depreciation	4 282	2 127
Loss on foreign exchange	78 615	32 862
Finance income	(89 139)	(44 340)
Penalty and interest paid	-	1 762
Operating cash flow before working capital changes	95 816	183 397
Movements in working capital:		
Increase/(Decrease) in trade and other payables	8 226	(64 256)
Increase in trade and other receivables	(37 484)	(251 573)
Net cash generated/(utilised) by operating activities	66 558	(132 432)
Finance income	89 139	44 340
Penalty and interest paid	-	(1 762)
Net cash from operating activities	155 697	(89 854)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property plant and equipment	(8 900)	(3 786)
Net cash used in investing activities	(8 900)	(3 786)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
	146 797	(93 640)
Cash and cash equivalents at beginning of the year	1 979 477	2 105 979
Loss on foreign exchange rate movement on cash and cash equivalents	(78 615)	(32 862)
Cash and cash equivalents at end of the year	2 047 659	1 979 477

PAN AFRICAN FEDERATION OF ACCOUNTANTS
(Non-Profit Organisation, Registration No: 094-631-NPO)
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2023

1. ACCOUNTING POLICIES

A summary of the significant accounting policies adopted by the Federation in the preparation of these annual financial statements is presented below.

1.1 Basis of preparation

The annual financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued and effective at the time of preparing these annual financial statements, and the Federation's constitution and by-laws and the Non-Profit Organisation Act 71 of 1997 of South Africa as amended.

The financial statements are prepared under the historical cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in United States Dollars (US\$) which is the Federation's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires the Board from time to time to make judgements and use estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Board's best knowledge of current events, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the annual financial statements is included in the following notes:

- Revenue recognition: whether revenue from subscriptions is recognised over time or at a point in time.
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of outflows of resources.
- Measurement of Expected Credit Loss (ECL) allowance for trade receivables and contract assets: key assumptions in determining the expected default rate.

1.3 Revenue recognition

The Federation earns revenue from subscriptions. Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognised over time as the services are provided.

PAN AFRICAN FEDERATION OF ACCOUNTANTS
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

1. ACCOUNTING POLICIES (Continued)

1.4 Foreign currency transactions

Functional and presentation currencies

Items included in the annual financial statements of the Federation are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The annual financial statements are presented in United States Dollars (US\$) which is also the Federation’s functional currency.

Translation of foreign currencies

Transactions in foreign currencies during the year are converted into US\$ at the exchange rates ruling at the date of the transactions. Foreign currency monetary assets and liabilities are translated at the exchange rate ruling at the statement of financial position date. Resulting exchange differences are recognised in the statement of comprehensive income for the year.

Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rate prevailing at the dates of the transactions.

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the rendering of services and for administrative purposes and are expected to be used during more than one period.

The cost of equipment is recognised as an asset if it is probable that future economic benefits will flow to the Federation.

Equipment is initially stated at cost and subsequently measured at historical cost less accumulated depreciation and less accumulated impairment loss.

Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. The annual rates of depreciation used are:

Computer equipment	33.33%
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The assets’ residual values and useful lives are reviewed and adjusted as appropriate, at each financial reporting date. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

PAN AFRICAN FEDERATION OF ACCOUNTANTS
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

1. ACCOUNTING POLICIES (Continued)

1.6 Financial instruments

Initial recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Federation becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at Fair Value through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL based on the Federation's business model for managing financial assets.

Financial assets are not reclassified subsequent to their initial recognition unless the Federation changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the Federation designated a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

In the periods presented, the Federation does not have any financial assets classified at FVTPL or FVOCI and no financial liabilities designated at FVTPL.

Off-setting

Financial assets and liabilities are offset and the net amount reported on the statement of financial position only when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

PAN AFRICAN FEDERATION OF ACCOUNTANTS
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

1. ACCOUNTING POLICIES (Continued)

1.6 Financial instruments (Continued)

Impairment

The Federation recognises loss allowances for Expected Credit Loss (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets.

The Federation measures loss allowances on the recoverability of the financial assets in comparison to the corresponding period/s:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets without a significant financing component are always measured at an amount equal to lifetime ECLs.

For trade receivables with a significant financing component, the Federation measures the loss allowance at an amount equal to the lifetime ECL.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Federation has transferred substantially all risks and rewards of ownership.

The Federation derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Federation also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

1.7 Taxation

The Federation is exempt from paying income tax in South Africa in line with Section 10(1) of the Income Tax Act 58 of 1962 of South Africa as amended. The Federation has accordingly not recorded any liability for income taxation for the current financial year.

PAN AFRICAN FEDERATION OF ACCOUNTANTS
(Non-Profit Organisation, Registration No: 094-631-NPO)
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

1. ACCOUNTING POLICIES (Continued)

1.8 Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid annual leave) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of performance award payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.9 Provisions

Provisions are recognised when the Federation has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

1.10 Impairment of non-financial assets

The Federation assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Federation estimates the recoverable amount of the asset.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in income or expenditure. Any impairment loss of a revalued asset is treated as a revaluation decrease.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in income or expenditure.

1.11 Standards and Interpretations not yet effective

The Federation has chosen not to early adopt the following standards and interpretations, which have been published but are not yet effective:

Standard/ Interpretation	Effective date	Expected impact
Liability in a Sale and Leaseback (Amendments to IFRS16 Leases)	1 January 2024	Not applicable
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements)	1 January 2024	Unlikely to have a material impact
Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements)	1 January 2024	Not applicable
Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)	1 January 2024	Not applicable
Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)	1 January 2025	Not applicable

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2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Federation's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. This note presents information about the Federation's exposure to each of these risks and its objectives, policies and processes for measuring and managing risk.

The Board oversees management's monitoring of compliance with the Federation's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Federation.

2.1 Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The Federation only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Credit risk is the risk of financial loss to the Federation if a member organisation fails to meet its contractual obligations. The Federation's exposure to credit risk is influenced mainly by the individual characteristics of each member organisation. The demographics of the Federation's membership base, including the default risk of the industry and country in which member organisation operate, has some influence on credit risk.

The carrying amount of financial assets represents the maximum exposure to credit risk.

Movements in the impairment loss for trade receivables are as follows:

	2023	2022
	US\$	US\$
Opening provision for impairment of trade receivables	(8 457)	(26 002)
Receivables written off during the year as uncollectible	145 530	164 542
Credit loss for the current year: used	(138 544)	(146 997)
Balance at end of the year	(1 471)	(8 457)

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a payment plan with the Federation or to make contractual payments for a period of greater than 12 months past due.

Investments

The Federation limits its exposure to credit risk by only investing in short term deposits in financial institutions.

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2.2 Liquidity risk

Liquidity risk is the risk that the Federation will not be able to meet its financial obligations as they fall due. The Federation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Federation's reputation.

Typically, the Federation ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 252 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

2.3 Interest rate risk

The Federation's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets (including investments) mature at different times. Risk management activities are aimed at optimising net interest income, given market interest rates levels consistent with the Federation's business strategies.

2.4 Currency risk

The Federation is exposed to currency risk through transactions in foreign currencies, primarily the South African Rand (ZAR). The Federation's transactional exposures give rise to foreign currency gains and losses that are recognised in the statement of comprehensive income. There are no open forward cover contracts and the exchange rates used were as follows:

Exchange rates used for conversion of foreign items were:

	2023	2022
Average rate	R 18.6918 = US\$1	R 17.0646 = US\$1
Period end rate	R 18.9089 = US\$1	R 17.0235 = US\$1

3. REVENUE

	2023	2022
	US\$	US\$
Subscription income	1 176 371	1 299 261
Balance at end of the year	1 176 371	1 299 261
Other income	83 139	10 867
Balance at end of the year	83 139	10 867

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4. OPERATING EXPENSES

	2023	2022
	US\$	US\$
Accounting charges	1 871	1 406
Advertising	1 875	2 827
Audit fees	5 083	8 038
Bank charges	6 528	5 662
Conferences and seminars	48 021	49 411
Consulting charges	87 443	50 808
Depreciation	4 282	2 127
General expenses	3 579	865
Insurance	5 169	2 460
Printing and stationery	360	1 818
Penalty and Interest Paid	-	1 762
Projects and Initiatives	26 354	17 999
Staff costs	612 911	560 565
Staff training	7 687	3 556
Telephone and internet	6 977	6 871
Thought leadership – Research	15 296	20 359
Translation costs	25 912	20 031
Travel and accommodation	166 537	219 069
Website costs	3 547	7 989
Total expenditure	1 029 432	983 623

5. FINANCE INCOME

	2023	2022
	US\$	US\$
Interest income – Bank	89 139	44 340
Balance at end of the year	89 139	44 340

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6. PROPERTY, PLANT AND EQUIPMENT

	2023	2022
	US\$	US\$
Computer equipment		
Cost	27 720	22 358
Assets no longer in use	-	(3 538)
Accumulated depreciation	(19 949)	(15 667)
Carrying value	<u><u>7 771</u></u>	<u><u>3 153</u></u>
Reconciliation of carrying value:		
Carrying value at the beginning of the year	3 153	1 494
Additions	8 900	3 786
Depreciation	(4 282)	(2 127)
Carrying value at the end of the year	<u><u>7 771</u></u>	<u><u>3 153</u></u>

7. TRADE AND OTHER RECEIVABLES

	2023	2022
	US\$	US\$
Financial instruments		
Subscription debtors	395 230	329 149
Loss allowance	(1 471)	(8 457)
Trade receivables at amortised cost	<u>393 759</u>	<u>320 692</u>
Non-financial instruments		
VAT receivable	<u>9 119</u>	<u>21 079</u>
Balance at end of the year	<u><u>402 878</u></u>	<u><u>341 771</u></u>

The large carrying amount of subscription debtors is due to some Members' inability to make payments due to country-specific circumstances. The Board has approved a legally binding payment plan with some affected Members to ensure collection of the outstanding subscription debt while granting relief to those impacted.

The Board considers the carrying amount of trade and other receivables to approximate the fair value.

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8. CASH AND CASH EQUIVALENTS

	2023	2022
	US\$	US\$
Money market account	332 848	722 806
Cash at bank	1 712 236	1 256 660
Cash on hand	2 575	11
Balance at end of the year	2 047 659	1 979 477

Facilities: Credit card credit limit of ZAR 120 000 (US\$ 6 346) from Standard Bank of South Africa Limited.

The Board considers the carrying amount of cash and cash equivalents to approximate the fair value.

9. TRADE AND OTHER PAYABLES

	2023	2022
	US\$	US\$
Financial instruments		
Trade payables and accrued expenses	3 924	3 882
Non-financial instruments		
Subscriptions received in advance	237	135
Accrued leave pay	12 705	4 623
Balance at end of the year	16 866	8 640

The Board considers the carrying amount of trade and other payables to approximate the fair value.