



**57TH PLENARY ASSEMBLY SESSION
VICTORIA FALLS, ZIMBABWE
31ST MAY TO 7TH JUNE 2025**

**REPORT OF THE EXECUTIVE COMMITTEE ON FINANCIAL MATTERS
(TREASURER'S REPORT)**

The Report of the Executive Committee on Financial Matters (Treasurer's Report) to the 57th Plenary Assembly consists of the following:

I. Paper 1: Audited Financial Statements (AFS) for the year ended 31st March 2024

The AFS for the year ended 31st March 2024 should have been submitted to the 56th Plenary Assembly in December 2024. However, the audit was delayed due to a change in external auditors from BDO Namibia to Grand Namibia.

The AFS are submitted to the 57th Plenary Assembly for its consideration and approval.

II. Paper 2: Management Accounts for the period 1st April 2024 to 31st March 2025 (year ended 31st March 2025)

Management Accounts are tabled before the Plenary Assembly as part of the Treasurer's Report twice a year for the periods ending 31st March and 30th September (halfway through the financial year).

In this regard, the 57th Plenary Assembly will consider Management Accounts for the year ended 31st March 2025 for noting.

**III. Paper 3: Financial Reports For Donor Funded Projects
SRHR, HIV and AIDS Governance Project (2023-2026)**

The financial reports for Donor Funded Projects are submitted to the Plenary Assembly for noting.



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**REPORT OF THE EXECUTIVE COMMITTEE ON FINANCIAL MATTERS
(TREASURER'S REPORT)**

**PAPER 1
REPORT ON AUDITED FINANCIAL STATEMENTS (AFS) AS AT 31ST
MARCH 2024**

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Appendix 1: The Audited financial Statements (AFS) as at 31st March 2024 are attached hereto as Appendix 1.

The Report on the Audited Financial Statements (AFS) as at 31st March 2024 consists of the following:

- 1.0. Executive Summary
- 2.0. Executive Committee's Responsibilities and Approval
- 3.0. Auditor's Opinion
- 4.0. Statement of Financial Position as at 31st March 2024
- 5.0. Statement of Financial Performance for the Year Ended 31st March 2024
- 6.0. Creation of Unrestricted Reserves Fund for Budgeted Expenditure in Excess of Member Contributions Approved by the Plenary Assembly
- 7.0. Management Letter
- 8.0. Recommendations for the Consideration of the Plenary Assembly

1.0. EXECUTIVE SUMMARY

The financial statements of the SADC Parliamentary Forum (SADC PF) have been audited by Grand Namibia Chartered Accountants. Notable adjustments made in the accounts to ensure greater accuracy and alignment with the correct financial position include the following:

1.1. Non-Consolidation of Accounts (Exclusion of SRHR, HIV & AIDS Project Financial Results)

1.1.1. The financial results pertaining to the SRHR, HIV & AIDS Project have not been consolidated into the SADC PF accounts for the Financial Year ended 31st March 2024. This adjustment has been made to avoid any potential distortion of the Forum's financial position and is based on a number of technical, practical, and professional considerations which are aligned with international financial reporting standards and best practices.

1.1.2. Context

1.1.2.1. In November 2022, the 51st Plenary Assembly approved that, in order to present a more realistic account of the finances of the Forum with respect to Member Contributions and other internally generated income, the accounts of the SADC PF Main account should no longer be consolidated with Project funds received from co-operating partners and donors, which are actually restricted funds, effective with the audit for the year ended 31st March 2023.

1.1.2.2. However, this decision was not implemented for the Financial Year ended 31st March 2023 on the advise of the then external auditors, BDO Namibia, who indicated that in consideration of the International Financial Reporting Standards (IFRS), it was prudent to continue to produce consolidated accounts in order to adhere to the prescribed good accounting practice. In view of this development, the Audited Financial Statements **for the year ended 31st March 2023** were prepared on a consolidated basis with the financials of the Sweden funded Sexual and Reproductive Health and Rights (SRHR), HIV and AIDS Project.

1.1.2.3. In view of the fact that the current Agreement with Sweden expires in September 2026, further research regarding consolidation of accounts, including a review of the AFS for SADC, confirmed that the non-consolidation of financials with project funding is also acceptable. In this regard, the matter was then re-visited.

1.1.2.4. In line with the approval by the 51st Plenary Assembly, in the interest of enhancing the quality, integrity, and transparency of the institution's financial reporting, the SADC Parliamentary Forum did not consolidate the Sweden funded Sexual and Reproductive Health and Rights (SRHR), HIV & AIDS Project accounts into the main financial statements of SADC PF **for the year ended 31st March 2024**.

The following reasons are advanced:

- i. The Project has a different financial year from 1st November to 31st October and thus a different reporting period from that of SADC PF.
- ii. As has been the practice over the years, the SRHR Project also has its own set of Audited Financial Statements, audited separately by the same external auditors who audit SADC PF accounts.
- iii. The SRHR Project operates under an entirely separate accounting framework, using a distinct chart of accounts that is structurally and functionally independent of the main SADC PF accounting system. This separation is deliberate and serves to ensure accurate tracking of project-specific transactions, enhance project accountability, and support donor reporting requirements. The SRHR project maintains its own special bank accounts for the management of project funds, thereby reinforcing financial independence and ensuring a clear audit trail specific to the project.
- iv. The SRHR Project maintains all its financial records in US dollars (USD), while the SADC Parliamentary Forum's functional and reporting currency is the Namibian dollar (N\$). Consolidating financial statements across two currencies not only requires complex currency translations but may also introduce exchange rate volatility that could distort the financial position and performance of the SADC PF. Such consolidation may misrepresent both entities' financial realities and compromise the comparability and clarity of financial information presented.

1.2. Apportionment and transfer of Retained Earnings to Unrestricted Reserve Fund

- 1.2.1. The 55th Plenary Assembly approved the use of an amount of N\$7,000,000 from Accumulated Reserves towards operational expenses for the Financial Year ending 31st March 2024. The amount was included in the budget for the Financial Year. In order to operationalize the decision, an amount of N\$5,500,000 has been transferred from Retained Earnings to the **Unrestricted Reserve Fund**. This amount was deemed to be adequate based on the trend of expenditure.
- 1.2.2. The **Unrestricted Reserve Fund** represents funds set aside from Retained Earnings that can be used to finance specific expenditures, as approved by the Executive Committee or Plenary Assembly. This transfer reflects the Forum's strategy to ensure financial sustainability and flexibility in funding its recurrent operations and priority activities, particularly in situations where other funding sources may be limited. *More information regarding its use is found in section 6.0.*

2.0. EXECUTIVE COMMITTEE'S RESPONSIBILITIES AND APPROVAL

The Plenary Assembly is requested to note the following responsibilities of the EXCO regarding the management of the finances of the Forum:

- 2.1. The Executive Committee's responsibilities and approval requirements are outlined in detail in the AFS. The Executive Committee is required, in terms of the SADC Parliamentary Forum's Constitution, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information. It is responsible for ensuring that the annual financial statements fairly present the state of affairs of the Forum as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards.
- 2.2. Having confirmed and discharged its responsibilities, the EXCO is required to approve the AFS, which are to be signed on its behalf by the President.
- 2.3. In approving the AFS, the EXCO is required to acknowledge the following:

i. Nature of business

The Forum was established for the purpose of strengthening capacity of the Southern African Development Community (SADC) by involving parliamentarians of SADC member states in activities that contribute to the well-being of SADC. In this regard, there have been no material changes to the nature of the Forum's business from the prior year.

ii. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Forum's Constitution. The accounting policies have been applied consistently. Full details of the financial position, results of operations and cash flows of the Forum are set out in the annual financial statements.

iii. Internal Financial Controls

The Executive Committee acknowledges that it is ultimately responsible for the system of internal financial control established by the Forum and place considerable importance on maintaining a strong control environment. To enable the Executive Committee to meet these responsibilities, the Executive Committee sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Forum and all employees are required to maintain the highest ethical standards in ensuring the Forum's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The Executive Committee is of the opinion, based on the information and

explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

iv. Going concern

The Executive Committee is required to pronounce itself on the future of the institution as follows:

The Executive Committee believe that the Forum has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Executive Committee members have satisfied themselves that the Forum is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Executive Committee has reviewed the Forum's cash flow forecast for the year to 31 March 2025 and, in light of this review and the current financial position, it is satisfied that the Forum has or had access to adequate resources to continue in operational existence for the foreseeable future. The Executive Committee members are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Forum.

v. Risk Management

The focus of risk management in the Forum is on identifying, assessing, managing and monitoring all known forms of risk across the Forum. While operating risk cannot be fully eliminated, the Forum endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

3.0. AUDITOR'S OPINION

3.1. In the opinion of the Auditor, “the annual financial statements present fairly, in all material respects, the financial position of SADC Parliamentary Forum as at 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the SADC PF Constitution”.

4.0. STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2024

The following is worth noting:

4.1. Property, Plant and Equipment

4.1.1. Net Book Value

During the financial year 2023-20234, the Net Book Value (NBV) of Property, Plant and Equipment decreased from N\$9,508,062 to N\$9,285,920. This decrease in

value was a result of the following:

	N\$
NBV as at 1st April 2023	9,508,062
Additions during the year	187,451
Disposal during the year	NIL
Depreciation & Impairment	(409,593)
NBV as at 1st April 2024	9,285,920

4.1.2. Listing of Property, Plant and Equipment

	N\$
Land	2,800,000
Buildings	4,931,792
Furniture and fixtures	505,073
Motor vehicles	735,546
Office equipment	54,360
IT equipment	259,149
Total	9,285,920

4.1.3. Land & Buildings: SG Official Residence, 89 JH Ithana, Ludwigsdorf, Klein Windhoek:

The property's book value as at 31st March 2024 stands at N\$7,731,792 (representing Buildings valued at N\$4,931,792 and Land at N\$2,800,000). In comparison, the property was valued at N\$7,731,578 (representing buildings valued at N\$ 4,931,578 and land valued at N\$2,800,000) at 31st March 2023. The buildings have been depreciated by N\$794.

4.1.4. Motor Vehicle

The personal-to-holder vehicle of the Secretary General (which was procured for N\$1,298,021 during 2021/22) was valued at N\$735,546 as at 31st March 2024, after depreciation of N\$281,237 in 2023/24. The net book value of the vehicle in 2022/23 was N\$ 996,340 and depreciation for 2022/23 was N\$ 259,604.

4.1.5. Property at 66 Erosweg, Eros Park, Windhoek

During the financial year 2023/24, the value of the house was maintained at N\$2,470,000 (same as 2022/23). To comply with International Financial Reporting Standard (IFRS5), the house is classified as 'Asset Held for sale' at a value of N\$2,470,000.

4.1.6. Property, plant and equipment encumbered as security-

Nedbank Mortgage: The following assets have been encumbered as security for the secured long-term borrowings: Land and buildings N\$7,733,959. The loan is denominated in Namibian dollars (N\$), bears interest at 7,50% per annum, is secured over buildings of N\$ 4,933,959 and land of N\$ 2,800,000 and repayable in remaining installments of 87 months (2023:99 months).

4.1.7. Property, plant and equipment encumbered as security- FNB Motor Vehicle Loan:

The following assets have been encumbered as security for the secured long-term borrowings: Motor Vehicles N\$1,276,388: The loan is denominated in Namibian dollars (N\$), bears interest at 9,50% per annum, is secured and repayable in remaining installments 36 months (2023:48 months).

4.2. Equity (Retained Earnings & Unrestricted Reserve)

4.2.1. The **Retained Earnings** decreased from N\$ 12,981,343 as at 31st March 2023 to N\$ 6,987,240 as at 31st March 2024 due to the following:

- (i) Transfer of N\$5,500,000 to Unrestricted Reserve; and
- (ii) Operating Deficit of N\$494,103. The deficit is further detailed under “Statement of Financial Performance” at section 5.0. below.

4.2.2. The **Unrestricted Reserve** represents funds set aside from Retained Earnings that can be used to finance specific expenditures, as approved by the Executive Committee or Plenary Assembly. In line with this decision, a sum of N\$5,500,000 has been transferred from Retained Earnings to the Unrestricted Reserve during the year under review. This transfer reflects the Forum’s strategy to ensure financial sustainability and flexibility in funding its recurrent operations and priority activities, particularly in situations where other funding sources may be limited.

4.3. Restricted Funds

Included in the cash and cash equivalents is an amount of N\$1,050,923 (2023: N\$ 6,949,605) relating to bank accounts for external funding and for specific projects. The funds are held in designated bank accounts to be used only for the purpose of financing specific projects.

4.4. Going Concern

The Financial Position as at 31st March 2024 is healthy with Retained Earning of N\$6,987,240 and Unrestricted Reserve of N\$5,500,000. The Equity is represented by Total Assets of N\$28,844,178 (2023: N\$35,410,450) and Total Liabilities of N\$16,356,938 (2023: N\$22,429,108). There is no identified threat on the going concern status of the institution.

5.0. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST MARCH 2024 (STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME)

The following is worth noting:

5.1. The Audited Financial Statements as at 31st March 2024, record total Revenue of N\$23,125,080 compared to N\$51,096,469 in the previous financial year. The decrease was due to the fact that SRHR Project

expenditure has not been consolidated into the SADC Parliamentary Forum accounts.

- 5.2. Out of the amount of N\$23,125,080, a total of N\$21,148,050 (91%) was from Mandatory Annual Member Contributions, while N\$1,977,030 (9%) was grants received from cooperating partners. Additional Operating Income amounting to N\$819,309 was raised from Administration and Consultancy Income charged to partners while programme support amounted to N\$162,318. Investment Income totaled N\$454,455 and other operating gains totaled N\$20,211. This brought the Total Revenue plus Income to N\$24,581,373.
- 5.3. Total Operating Expenditure for the year was N\$24,316,868 compared to N\$49,197,406 in the previous financial year. The decrease was due to the fact that SRHR Project expenditure has not been consolidated into the SADC Parliamentary Forum accounts. Finance costs of N\$758,608 brought the total expenditure to N\$25,075,476.
- 5.4. The Comprehensive deficit/Loss for the year amounted to N\$494,103, being Total Revenue & Income of N\$24,581,373 minus Total Expenditure of N\$25,075,476. The loss is recorded despite the actual Total Expenditure (N\$25,075,476) having been below approved Total Budgeted Expenditure for the year (N\$28,262,888) because, due to accounting principles, funds from reserves cannot be accounted for as Income and therefore any expenditure approved to be covered by reserves will be recorded as a loss and will serve to reduce the Accumulated Reserves or, as will be the case effective 1st April 2024, will reduce the Unrestricted Reserves Fund. More details below at 6.0.

6.0. CREATION OF UNRESTRICTED RESERVES FUND FOR BUDGETED EXPENDITURE IN EXCESS OF MEMBER CONTRIBUTIONS APPROVED BY THE PLENARY ASSEMBLY

- 6.1. A fund to cater for budgeted expenditure in excess of funds raised from Member Contributions and Investment Income has been created as Unrestricted Reserves Fund with an initial amount of N\$5,500,000 (N\$7,000,000 was approved by the 55th Plenary Assembly for this purpose). However, the Comprehensive Loss amounting to N\$494,103 for the year ended 31st March 2024 is covered by funds from Accumulated Reserves (meaning that the Accumulated Reserves as at 31st March 2024 were reduced by N\$494,103).
- 6.2. The use of reserves due to inadequate income from Member Contributions, rising costs, and dwindling donor support, among other considerations, was brought to the attention of the Membership in the Treasurer's Reports to the 55th and 56th Plenary Assemblies. In addition, the threat to the Going Concern has been highlighted over the years. In this regard, the 56th Plenary Assembly resolved to increase Mandatory Member Contributions by 50% effective 1st April 2026. This will result in additional revenue from Member Contributions of N\$10,574,025 (from N\$21,148,050 to N\$31,722,075).

7.0. MANAGEMENT LETTER

- 7.1. *The Management Letter is submitted to the Plenary Assembly as **Appendix 2.***
- 7.2. The management letter from the auditors is a formal communication issued by external auditors to the Forum's management after the completion of an audit. It outlines the auditors' observations, findings, and recommendations regarding internal controls, accounting systems, and other operational or compliance issues identified during the audit process.
- 7.3. The Management Letter indicates that there were no findings to report.

8.0 RECOMMENDATIONS FOR THE CONSIDERATION OF THE PLENARY ASSEMBLY

- 8.1. The Plenary Assembly is requested to consider and approve the Audited Financial Statements for the year ended 31st March 2024.**