



ANNUAL FINANCIAL STATEMENTS

General information

Country of incorporation and domicile

South Africa

Nature of business and principal activities

The Payments Association of South Africa was established with the objective to organise, manage and regulate all matters affecting interbank payments and payments clearing and settlement of interbank obligations within the payments system and operates in South Africa.

Registered office

1st Floor, Building D
Sunnyside Office Park
32 Princess of Wales Terrace
Parktown
2193

Business address

1st Floor, Building D
Sunnyside Office Park
32 Princess of Wales Terrace
Parktown
2193

Postal address

P.O. Box 61380
Marshalltown
2107

Bankers

First National Bank Ltd

Auditors

SizweNtsalubaGobodo Grant Thornton Inc.
Chartered Accountants (SA)
Registered Auditors
Member of Grant Thornton International

Secretary

Helen Peace

Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of PASA Constitution.

Preparer

The annual financial statements were compiled by:
DTP Consulting and Accounting (Pty) Ltd

Contents

The reports and statements set out below comprise the annual financial statements presented to the Members:

2	Independent auditors' report
4	The governing body of PASA, PASA Council's responsibilities and approval
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INDEPENDENT AUDITORS' REPORT

To the Members of The Payments Association of South Africa (NPO) (PASA)

Report on the audit of the annual financial statements

Opinion

We have audited the annual financial statements of The Payments Association of South Africa (NPO) (PASA) set out on pages 6 to 19, which comprise the statement of financial position as at 31 December 2020, 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 annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of The Payments Association of South Africa (NPO) (PASA) as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of PASA Constitution.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the organisation in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA codes) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

PASA Council is responsible for the other information. The other information comprises the information included in the document titled "The Payments Association of South Africa (NPO) (PASA) Annual Financial Statements for the year ended 31 December 2020", which includes PASA Council's Report as required by PASA Constitution. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual 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 Members for the annual financial statements

PASA Council is responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of PASA Constitution, and for such internal control as PASA Council determine 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, PASA Council is responsible for assessing the association'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 Councillors either intend to liquidate PASA or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the annual financial statements

Our objectives are 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 International Standards on Auditing 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 annual 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 annual 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 association's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors;

- conclude on the appropriateness of PASA Council's 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 association'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 annual 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 association to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with PASA Council 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 our audit.



NC Kyriacou

SizweNtsalubaGobodo Grant Thornton Inc.

Director

Registered Auditor

22 April 2021

Building 4, Summit Place

221 Garstfontein Road

Menlyn

0181

THE GOVERNING BODY OF PASA, PASA COUNCIL'S RESPONSIBILITIES AND APPROVAL

PASA Council is required by the PASA Constitution, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of PASA 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 the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

PASA Council acknowledges that they are ultimately responsible for the system of internal financial control established by PASA Council and place considerable importance on maintaining a strong control environment. To enable PASA Council to meet these responsibilities PASA Council 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 PASA and all employees are required to maintain the highest ethical standards in ensuring PASA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in PASA is on identifying, assessing, managing and monitoring all known forms of risk across PASA. While operating risk cannot be fully eliminated, PASA endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

PASA Council 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.

PASA Council has reviewed the association's budget for the year to 31 December 2021 and, in the light of this review and the current financial position, they are satisfied that the association has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the association's annual financial statements. The annual financial statements have been examined by the association's external auditors and their report is presented on page 2.

The annual financial statements set out on pages 6 to 19, which have been prepared on the going concern basis, were approved by PASA Council on 22 April 2021 and were signed on their behalf by:



Sydney Gericke
Chairperson



Ghita Erling
CEO

THE GOVERNING BODY OF PASA, PASA COUNCIL'S REPORT

PASA Council has pleasure in submitting their report on the annual financial statements.

1. Nature of business

PASA was established in South Africa to act in the interests of the National Payment System. PASA was established with the primary objective to organise, manage and regulate all matters affecting interbank payments and payments clearing and settlement of interbank obligations within the payment system. The association operates in South Africa.

There have been no material changes to the nature of the association's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of PASA Constitution. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the association are set out in these annual financial statements.

3. PASA Council

Sydney Gericke (Independent Chair)

Ingrid Goodspeed (Independent Deputy Chair)

The Councillors in office at the date of this report is as follows:

Principal Councillor

Charl Smedley

Jill Murtagh

Dirk Ehlers

Megan Brown

Rufaida Banoobhai

Ian Carter

Tim Masela (Ex-officio:
non-voting)

John Anderson

Ghita Erling (Ex-officio: voting)

Alternate Councillor

Gabriella Teixeira

Frederik Hanekom

Marthinus Janse van Rensburg

Boitumelo Legabe

John Elliot

Marijke Guest

Shaun Rayfield

4. Events after the reporting period

PASA Council is not aware of any material event which occurred after the reporting date and up to the date of this report.

5. Going concern

PASA Council believes that PASA 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. PASA Council has satisfied themselves that PASA is in a sound financial position and capable of meeting its foreseeable cash requirements. PASA Council is not aware of any new material changes that may adversely impact the association. The Councillors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect PASA.

6. Secretary

PASA secretary is Helen Peace.

STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Note(s)	2020 R	2019 R
ASSETS			
Non-current assets			
Property, plant and equipment	2	2 515 908	2 972 968
Other financial assets	3	9 857 986	4 552 069
		12 373 894	7 525 037
Current assets			
Trade and other receivables	4	1 093 971	8 310 245
Other financial assets	3	664 470	1 986 096
Cash and cash equivalents	5	45 412 388	37 485 366
		47 170 829	47 781 707
Total assets		59 544 723	55 306 744
EQUITY AND LIABILITIES			
Equity			
Accumulated funds		39 804 971	31 698 978
Liabilities			
Non-current liabilities			
Other financial liabilities	7	9 857 986	7 164 437
Current liabilities			
Trade and other payables	6	6 177 260	8 604 995
Other financial liabilities	7	664 470	734 625
Deferred income	8	3 040 036	7 103 709
		9 881 766	16 443 329
Total liabilities		19 739 752	23 607 766
Total equity and liabilities		59 544 723	55 306 744

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

	Note(s)	2020 R	2019 R
Revenue	9	87 475 872	82 211 309
Other income	10	599 999	12 098 731
Operating expenses		(83 334 550)	(88 157 938)
Operating surplus/(deficit)	11	4 741 321	6 152 102
Investment revenue	12	3 557 333	5 021 479
Fair value adjustments	13	(192 661)	(203 062)
Finance costs	14	–	(59 889)
Surplus for the year		8 105 993	10 910 630

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Accumulated funds R	Total equity R
Balance at 1 January 2019	20 788 348	20 788 348
Surplus for the year	10 910 630	10 910 630
Balance at 1 January 2020	31 698 978	31 698 978
Surplus for the year	8 105 993	8 105 993
Balance at 31 December 2021	39 804 971	39 804 971

STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	Note(s)	2020 R	2019 R
Cash flows from operating activities			
Cash generated from operations	17	6 915 130	3 301 234
Interest income		3 177 989	4 728 632
Finance costs		–	(59 889)
Net cash from operating activities		10 093 119	7 969 977
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(612 539)	(2 330 968)
Movement in financial assets		(4 176 952)	(385 596)
Net cash used in investing activities		(4 789 491)	(2 716 564)
Cash flows from financing activities			
Movement in financial liability		2 623 394	1 543 430
Net cash from financing activities		2 623 394	1 543 430
Total cash movement for the year		7 927 022	6 796 843
Cash at the beginning of the year		37 485 366	30 688 523
Total cash at end of the year	5	45 412 388	37 485 366

ACCOUNTING POLICIES

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the PASA Constitution. The annual financial statements have been prepared on the historical cost basis and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 years
IT equipment	Straight line	4 years
Office equipment	Straight line	5 years
Security equipment	Straight line	5 years

Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount.

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item is included in profit or loss when the item is derecognised.

1.2 Financial instruments

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit and loss.

ACCOUNTING POLICIES (continued)

1.3 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis; or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

1.4 Impairment of assets

PASA assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets or goodwill may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.5 Long-term incentive scheme

Incentive bonuses for qualifying employees are recognised as a long-term investment on grant date with 33% vesting after three years, 33% vesting after four years and the balance vesting after five years from grant date. A corresponding increase in liabilities is recognised at the same date.

The corresponding increase in liabilities is measured, directly, at the fair value of the investment recognised provided that the fair value can be estimated reliably.

Should the employee resign before the completion of the specified service period, they will forfeit that part of the award which remains unvested. The forfeited long-term incentive award then becomes a vested investment for PASA and the matching liability is reversed.

1.6 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.7 Provisions and contingencies

Provisions are recognised when PASA has an obligation at the reporting date as a result of a past event; it is probable that PASA will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pretax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.8 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services provided in the normal course of business, net of value added tax.

Revenue comprises of net contributions from Members for Payment Clearing House agreements and membership, System Operator activations and annual renewals and PASA membership subscriptions in terms of the PASA Constitution.

Revenue is recognised in the income statement in proportion to the period to which membership subscriptions relate.

1.9 Other income

Training income is recognised as other income in the income statement in proportion to the expenses incurred in providing training to PASA Members and non-members. Excess income received is recognised as deferred income for as long as the training courses are being provided by PASA.

All training income should be utilised specifically for:

- The development of new training material to be used by PASA in the provision of its training courses to its Members and other third parties that may be interested; and
- The provision of training courses to its Members and other third parties that may be interested.

PASA Council determined in 2014 that all non-compliance penalty income is ring-fenced and only allowed to be utilised for training and education and capacity building, research, investigation and work relating to risk management, legal developments and emerging technologies. Non-compliance penalty income is recognised as other income in the income statement in proportion to the expenses incurred. The excess income received is recognised as deferred income for all future periods.

Conference income is recognised as other income in the income statement in proportion to the expenses incurred in providing conferences to PASA Members and non-members. Excess income received is recognised as deferred income for as long as the conferences are being provided by PASA.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.10 Provision for bad and doubtful debts

Receivables that are considered irrecoverable or doubtful are written off or provided for in full or in part according to the policy for doubtful and bad debts. Debtors outstanding for more than 180 days are written off or provided for in full.

Write-offs or provisions are recognised in the Income Statement or Deferred Income depending on where the income was originally recognised. Any future recoveries against these receivables or provisions will result in the income or deferred income being recognised again.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020

2. Property, plant and equipment

	2020			2019		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	1 641 537	(773 964)	867 573	1 604 040	(455 622)	1 148 418
IT equipment	2 540 631	(1 564 728)	975 903	2 006 236	(1 046 327)	959 909
Office equipment	1 065 526	(502 391)	563 135	1 059 851	(296 366)	763 485
Security equipment	172 789	(63 492)	109 297	137 817	(36 661)	101 156
Total	5 420 483	(2 904 575)	2 515 908	4 807 944	(1 834 976)	2 972 968

Reconciliation of property, plant and equipment

	Opening balance	Additions	Disposals	Depreciation	Closing balance
2019					
Furniture and fixtures	382 068	966 591	–	(200 241)	1 148 418
IT equipment	826 643	532 009	–	(398 743)	959 909
Office equipment	197 824	727 356	–	(161 695)	763 485
Security equipment	650	105 012	–	(4 506)	101 156
	1 407 185	2 330 968	–	(765 185)	2 972 968
2020					
Furniture and fixtures	1 148 418	37 497	–	(318 342)	867 573
IT equipment	959 909	534 395	–	(518 401)	975 903
Office equipment	763 485	5 675	–	(206 025)	563 135
Security equipment	101 156	34 972	–	(26 831)	109 297
	2 972 968	612 539	–	(1 069 599)	2 515 908

3. Other financial assets

At fair value

Glacier Investment Plan – PASA

Glacier Investment Plan – vested portion

Glacier Investment Plan – non-vested portion

Non-current assets

Designated at fair value through profit (loss)

Current assets

Designated at fair value through profit (loss)

	2020 R	2019 R
	–	1 251 471
	664 470	734 625
	9 857 986	4 552 069
	10 522 456	6 538 165
	9 857 986	4 552 069
	664 470	1 986 096
	10 522 456	6 538 165

Fair value information

Financial assets at fair value through profit or loss are recognised at fair value, which is therefore equal to their carrying amounts.

Glacier Investment Plan – PASA

The investment consists of incentive bonuses forfeited by employees who have resigned before the vesting period ended.

Glacier Investment Plan – vested portion

The investment consists of incentive bonuses vested and payable to the employees within 12 months from the balance sheet date.

Glacier Investment Plan – non-vested portion

The investment consists of incentive bonuses granted to employees which do not vest in the 12 months after the balance sheet date.

Long-term incentive scheme

The long-term incentive scheme provides for incentive bonuses to qualifying employees. 33% of the bonus allocation vests three years after the grant date, 33% vests four years after the grant date and the balance vests five years after the grant date. Payment is made to employees immediately after vesting date. Furthermore, the allocation is forfeited if the employee leaves the entity before vesting and the amount forfeited immediately vests as an investment for PASA.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

4. Trade and other receivables

	2020 R	2019 R
Trade receivables	58 161	7 746 488
Less: Provision for doubtful debts	(50 656)	(500 000)
Employee loans	1 000	2 400
VAT	1 085 466	1 061 357
	1 093 971	8 310 245

5. Cash and cash equivalents

Cash and cash equivalents consist of:		
Bank balances	28 577 764	880 690
Short-term deposits	2 345 013	3 111 804
Medium-term deposits	14 469 885	33 497 793
Other cash and cash equivalents	19 726	(4 921)
	45 412 388	37 485 366

6. Trade and other payables

Trade payables	637 532	71 566
Accrued leave pay	1 674 725	1 737 828
Accrued expense	709 334	1 470 740
Deposits received	–	32 200
Other payables – pension fund	–	492 390
Other payables – cheque standards authority	88 769	104 476
Other payables – PAYE, salaries and wages	3 066 900	4 695 795
	6 177 260	8 604 995

7. Other financial liabilities

At fair value

Long-term incentive scheme – vested portion

Long-term incentive scheme – non-vested portion

Non-current liabilities

At fair value

Current liabilities

At fair value

	2020 R	2019 R
	664 470	734 625
	9 857 986	7 164 437
	10 522 456	7 899 062
	9 857 986	7 164 437
	664 470	734 625
	10 522 456	7 899 062

Long-term incentive scheme – vested portion

The liability consists of the vested portions of the long-term incentive scheme which are payable to qualifying employees for an incentive bonus. The liability is recognised as the fair value of the investment it relates to. Refer to other financial assets for more details regarding the investments.

Long-term incentive scheme – non-vested portion

This liability consists of the non-vested portions of the long-term incentive scheme which are payable to qualifying employees for an incentive bonus. The liability is recognised as the present value of the amounts payable to the employees in future.

The fair values of the financial liabilities were determined as being equal to their carrying value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

8. Deferred income

Non-compliance penalties
Industry training

2020 R	2019 R
2 105 099	5 221 823
934 937	1 881 886
3 040 036	7 103 709

9. Revenue

Membership subscriptions
PCH agreements and membership
System operator activations and annual renewals

86 579 484	81 570 309
59 000	7 000
837 388	634 000
87 475 872	82 211 309

Membership subscriptions

In accordance with PASA Constitution all income and assets of PASA, however derived, shall be applied wholly towards the promotion of the objectives of PASA. No portion of the income and assets is transferrable, directly or indirectly, to the Members or any other person.

10. Other income

Other income
Conference income (see note 1.9)
Training income recognised (see note 1.9)
Non-compliance penalty income recognised (see note 1.9)

2020 R	2019 R
27 600	27 600
–	111 113
572 399	4 531 459
–	7 428 559
599 999	12 098 731

11. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Operating lease charges

Premises

– Contractual amounts

Property, plant and equipment

– Contractual amounts

Depreciation on property, plant and equipment

Employee costs

12. Investment revenue

Interest revenue

Other financial assets

Interest received

13. Fair value adjustments

Other financial assets

14. Finance costs

South African Revenue Services

15. Taxation

PASA is exempt from Income Tax under Section 10(1)(cA)(i) of the Income Tax Act, 58 of 1962. PASA needs to comply with requirements annually to retain their exempt status.

	2020 R	2019 R
	3 509 854	3 178 815
	504 487	559 962
	4 014 341	3 738 777
	1 069 599	765 185
	66 374 171	50 966 430
	379 344	292 847
	3 177 989	4 728 632
	3 557 333	5 021 479
	(192 661)	(203 062)
	–	59 889

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	2020 R	2019 R
16. Auditors' remuneration		
Audit fees	99 553	95 450
Other	19 170	21 415
	118 723	116 865
17. Cash generated from operations		
Surplus for the year	8 105 993	10 910 630
Adjustments for:		
Depreciation	1 069 599	765 185
Bad debt provision	(250 407)	500 000
Interest received	(3 177 989)	(4 728 632)
Finance costs	–	59 889
Fair value adjustments	192 661	203 062
Changes in working capital:		
Trade and other receivables	7 466 681	1 246 018
Trade and other payables	(2 427 735)	1 552 355
Deferred income	(4 063 673)	(7 207 273)
	6 915 130	3 301 234
18. Commitments		
Operating leases – as lessee (expense)		
Minimum lease payments due		
– within one year	3 551 581	3 060 174
– in second to fifth year inclusive	9 253 868	13 341 431
	12 805 449	16 401 605
19. Related party transactions		
Purchases from related parties – Veritas Books	21 060	128 952

20. Independent Councillors

Sydney Gericke (Independent Chair)
Ingrid Goodspeed (Independent Deputy Chair)

	2020 R	2019 R
Compensation paid to Independent Councillors		
– Independent Councillors remuneration	1 560 537	1 919 132

21. Members of key management

Ghita Erling (Chief Executive Officer)
Walter Volker (Ex-Chief Executive Officer)
Maurits Pretorius (Executive: Strategy and Communication)
Pierre Coetzee (Chief Legal Officer)
Lesego Chauke-Motshwane (Executive: Payments)
Naniki Ramabi (Chief Risk Officer)

	2020 R	2019 R
Compensation paid to key management		
– Key management remuneration	15 955 598	11 745 484

22. Comparative figures

Certain comparative figures have been reclassified to achieve improved disclosure.

The effects of the reclassification are:

Statement of Comprehensive Income

Increase in Revenue

Decrease on Other income

	–	641 000
	–	(641 000)

23. Going concern

The Annual Financial Statements have been prepared on the going concern basis.

24. Subsequent events

There are no subsequent events to report.

25. Impact on PASA of the effects of the Covid-19 pandemic

Although PASA employees were able to seamlessly transition to working from home in response to the Covid-19 pandemic, delivery on a number of key projects was impacted and spend delayed into the 2021 financial year. The delayed spend will have no financial impact on PASA's ability to continue delivering on its mandate.

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