# 2024

## ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

PASA

## PAYMENTS ASSOCIATION OF SOUTH AFRICA

# GENERAL INFORMATION

## COUNTRY OF INCORPORATION AND DOMICILE

South Africa

## NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

The Payments Association of South Africa (PASA) 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
Investec Bank Limited

## AUDITORS

Moore Infinity Incorporated
Chartered Accountants (SA)
Registered Auditors
Partner: Peter Dickson CA(SA) RA

## COMPANY SECRETARY

Nadine Bham

## INCOME TAX REFERENCE NUMBER

9036/767/19/3

## LEVEL OF ASSURANCE

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

## PREPARER

The annual financial statements were independently compiled by Reporting Partners Proprietary Limited under the supervision of Cosmore Pariola.

## DATE ISSUED

29 May 2025

# CONTENTS

## THE REPORTS AND STATEMENTS SET OUT BELOW COMPRISE THE ANNUAL FINANCIAL STATEMENTS PRESENTED TO THE MEMBERS


PASA Council's Responsibilities and Approval 2
PASA Council's Report 2
Independent Auditor's Report 4
Statement of Financial Position 5
Statement of Comprehensive Income 5
Statement of Changes in Equity 5
Statement of Cash Flows 6
Accounting Policies 6
Notes to the Annual Financial Statements 8


## THE FOLLOWING SUPPLEMENTARY INFORMATION DOES NOT FORM PART OF THE ANNUAL FINANCIAL STATEMENTS AND IS UNAUDITED


Supplementary Information Note 1: Deferred Income Analysis 12


# PASA COUNCIL'S RESPONSIBILITIES AND APPROVAL

The Governing Body of PASA, 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 IFRS for SMEs® Accounting Standard and the Constitution of PASA. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with IFRS for SMEs® Accounting Standard as issued by the International Accounting Standards Board (IASB®) 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 controls 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 controls 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. Risk management in PASA focuses 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 controls provide 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 2024 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.

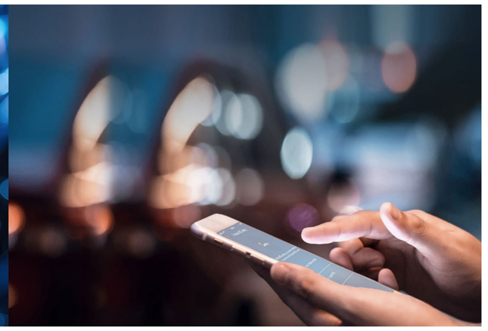
The external auditor is responsible for independently auditing and reporting on the Association's annual financial statements. The annual financial statements have been examined by the Association's external auditor and their report is presented on page 4.

The annual financial statements set out on pages 5 to 12, which have been prepared on the going concern basis, were approved by the PASA Council on 29 May 2025 and were signed on its behalf by:

**Ingrid Goodspeed**
Chairperson

**Ghita Erling**
Chief Executive Officer





# PASA COUNCIL'S REPORT

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

## 1. NATURE OF BUSINESS

PASA was established in accordance with the terms and provisions of its Constitution, on 15 August 1996, by the South African Banking Industry in conjunction with the South African Reserve Bank (SARB), to act in the interests of the National Payment System (NPS) with the primary objective to organise, manage and regulate all matters affecting interbank payments and payments clearing and settlement of interbank obligations within the NPS. 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 IFRS for SMEs® Accounting Standard and the requirements of the 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

The Independent Councillors in office during 2024 are as follows:

| | |
|---|---|
| Sydney Gericke | (Independent Chair resigned July 2024) |
| Ingrid Goodspeed | (previously Independent Deputy Chair - elected Independent Chair August 2024) |
| Herman Singh | (previously Independent Councillor - elected Independent Deputy Chair August 2024) |
| Fay Mukaddam | (Independent Councillor) |
| Thami Moatshe | (Independent Councillor) |

The Member elected Councillors in office during 2024 are as follows:

| Principal Councillor | Alternate Councillor |
|---|---|
| John Anderson | Rufaida Hamilton |
| Megan Brown (resigned October 2024 replaced by Lauren Breetzke appointed November 2024) | Boitumelo Legabe |
| Ian Carter | Marijke Guest |
| Busi Radebe | Marthinus Janse van Rensburg |
| John Elliott | Gerald Byleveld |
| Jill Murtagh | |
| Richard Stocken | Gabriella Teixeira |
| **Ex-officio Councillors** | |
| Tim Masela (non-voting) | Shaun Rayfield (non-voting) |
| Ghita Erling (voting) | |

# PASA COUNCIL'S REPORT CONTINUED

## 4. SIGNIFICANT MATTERS

In April 2025, the SARB withdrew its unconditional no objection to the Payments Industry Body (PIB) design report which had been granted in 2023. The PIB design report outlines the industry-approved design for a new industry body, for now called the PIB, intended to replace PASA. While the SARB, remains strongly supportive of an industry collaborative and coordination body that promotes interoperability in the NPS, the body must align with the changed role of the SARB in the NPS as represented by the Payment Ecosystem Modernisation initiative. Accordingly, the SARB has invited PASA and the broader industry to review the PIB's design and propose alternate modalities for its establishment and operation, which must exclude the interoperability rulemaking powers. The proposal should reach the SARB within six months from the date of the withdrawal of the SARB's unconditional no objection to the PIB design report. Previously it was reported that the Conduct of Financial Institutions (CoFI) Bill would create consequential amendments to the NPS Act, a dependency for the transition to the PIB. The NPS Bill has instead been updated directly and will be submitted to parliament along with the CoFi Bill. The SARB has further reiterated that, until such time that the recognition of PASA as a payment system management body in the NPS is withdrawn, a consequence of the NPS Bill, the status quo will continue to hold. PASA continues to operate as required by its Constitution.

## 5. EVENTS AFTER THE REPORTING PERIOD

In April 2025, the SARB withdrew its unconditional no objection to the PIB design report and invited PASA to review the PIB's design and propose alternate modalities for its establishment and operation, which must exclude the interoperability rulemaking powers. The SARB has further reiterated that, until such time that the recognition of PASA as a payment system management body in the NPS is withdrawn, the status quo will continue to hold.

## 6. GOING CONCERN

The Annual Financial Statements have been prepared on the going concern basis. PASA Council believes that PASA has adequate financial resources to continue in operation for the foreseeable future. PASA Council has satisfied themselves that PASA is in a sound financial position and capable of meeting its foreseeable cash requirements. PASA Council has considered the impending legislative changes relating to regulatory reform in the NPS by way of a separate NPS Bill. Further, PASA Council has considered the transition from PASA to the PIB and the SARB's withdrawal of its unconditional no objection to the PIB design report together with the invitation for PASA to review the PIB's design and propose alternate modalities for its establishment and operation, which must exclude the interoperability rulemaking powers.

A draft NPS Bill has been issued for a short closed consultation, after which it will follow due process for tabling in parliament and public consultation. Although the Bill may be processed by parliament in 2025, it is not anticipated that the consequential transition to the PIB will take place in this period. Furthermore, the SARB has reiterated that, until such time that the recognition of PASA as a payment system management body in the NPS is withdrawn, the status quo will continue to hold. PASA Council notes that based on all the information currently available, PASA continues to operate as required by its Constitution as a going concern. The Councillors are not aware of any material non-compliance with statutory or regulatory requirements.

## 7. COMPANY SECRETARY

Nadine Bham continued as the Company Secretary for the year under review.

# INDEPENDENT AUDITOR'S REPORT

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

To the Council of the Payments Association of South Africa (PASA Council)

### OPINION

We have audited the financial statements of the Payments Association of South Africa (PASA) (the Association) set out on pages 5 to 12, which comprise the Statement of Financial Position as at 31 December 2024, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and the notes to the 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 Payments Association of South Africa (PASA) as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with the IFRS for SMEs Accounting Standards as issued by the International Accounting Standards Board and the requirements of the 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 Financial Statements section of our report. We are independent of the Association 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 Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International 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 PASA Council, is responsible for the other information. The other information comprises the information included in the document titled 'Payments Association of South Africa Annual Financial Statements for the year ended 31 December 2024', which includes the PASA Council's Report as required by the Constitution, the Supplementary Information Note 1: Deferred income analysis, which we obtained prior to the date of this report. The 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 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 PASA COUNCIL FOR THE FINANCIAL STATEMENTS

The PASA Council is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS for SMEs Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Constitution, and for such internal control as the PASA Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 PASA Council either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the 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 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the PASA Council.
- Conclude on the appropriateness of the PASA Councils' 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 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.
- 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 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.

Moore Infinity Inc

**Moore Infinity Incorporation**

**Peter Dickson**
Partner
Chartered Accountants (SA)
Registered Auditors
Sandton
Silver Stream Business Park
10 Muswell Road
Bryanston
Sandton
2191
29 May 2025

PASA

## STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

| | Notes | 2024<br>R | 2023<br>R |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 2 | 2 102 696 | 2 010 242 |
| Intangible assets | 3 | – | 1 304 964 |
| Other financial assets | 4 | 35 494 117 | 32 837 732 |
| | | 37 596 813 | 36 152 938 |
| **Current Assets** | | | |
| Trade and other receivables | 5 | 3 556 261 | 4 497 715 |
| Other financial assets | 4 | 1 944 715 | 2 114 718 |
| Cash and cash equivalents | 6 | 37 000 086 | 43 614 925 |
| | | 42 501 062 | 50 227 358 |
| **Total Assets** | | 80 097 875 | 86 380 296 |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Accumulated funds | | 22 842 364 | 35 270 547 |
| **Liabilities** | | | |
| **Non-Current Liabilities** | | | |
| Other financial liabilities | 8 | 35 494 117 | 34 337 730 |
| **Current Liabilities** | | | |
| Trade and other payables | 7 | 6 604 895 | 5 965 290 |
| Other financial liabilities | 8 | 1 944 715 | 2 114 718 |
| Deferred income | 9 | 13 211 784 | 8 692 011 |
| | | 21 761 394 | 16 772 019 |
| **Total Liabilities** | | 57 255 511 | 51 109 749 |
| **Total Equity and Liabilities** | | 80 097 875 | 86 380 296 |

## STATEMENT OF COMPREHENSIVE INCOME

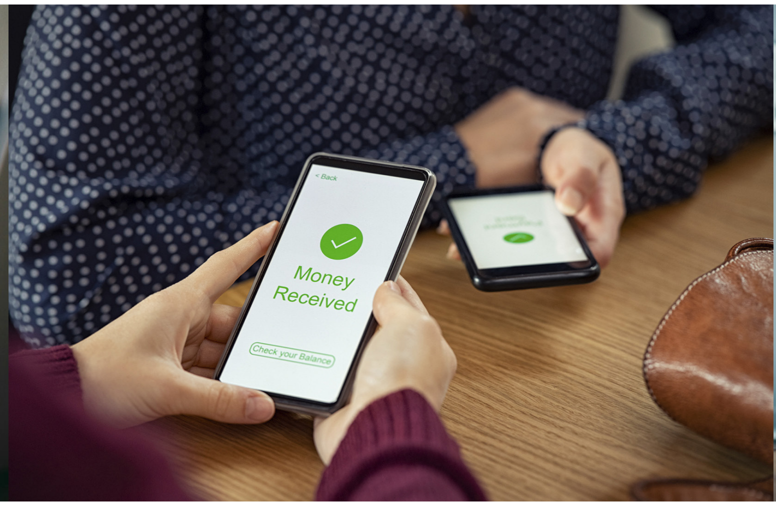
for the year ended 31 December 2024

| | Notes | 2024<br>R | 2023<br>R |
|---|---|---|---|
| **Revenue** | 10 | 118 823 678 | 123 752 200 |
| Other income | 11 | 3 392 717 | 10 809 656 |
| Operating expenses | 12 | (141 857 003) | (128 399 253) |
| **Operating (deficit)/ surplus** | | (19 640 608) | 6 162 603 |
| Investment revenue | 13 | 7 212 425 | 6 670 889 |
| **(Deficit) /surplus for the year** | | (12 428 183) | 12 833 492 |

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

| | Accumulated funds<br>R | Total equity<br>R |
|---|---|---|
| Balance at 01 January 2023 | 22 437 055 | 22 437 055 |
| Surplus for the year | 12 833 492 | 12 833 492 |
| **Balance at 01 January 2024** | 35 270 547 | 35 270 547 |
| **Deficit for the year** | (12 428 183) | (12 428 183) |
| **Balance at 31 December 2024** | 22 842 364 | 22 842 364 |




# STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

| | Notes | 2024 R | 2023 R |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Cash (used in) / generated from operations** | 16 | **(11 978 620)** | **9 837 625** |
| Investment income | | **7 212 425** | **6 670 889** |
| Net cash from operating activities | | **(4 766 195)** | **16 508 514** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 2 | **(992 196)** | **(1 063 644)** |
| Disposal of property, plant and equipment | 2 | **25 277** | **–** |
| Acquisition of software developed in-house | 3 | **–** | **(378 811)** |
| Acquisition of investments | | **(10 274 647)** | **(10 471 948)** |
| Withdrawal of investments | | **9 392 922** | **4 075 811** |
| Net cash from investing activities | | **(1 848 644)** | **(7 838 592)** |
| **Cash flows from financing activities** | | | |
| **Total cash movement for the year** | | **(6 614 839)** | **8 669 922** |
| **Cash at the beginning of the year** | | **43 614 925** | **34 945 003** |
| **Total cash at end of the year** | 6 | **37 000 086** | **43 614 925** |

# 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 IFRS for SMEs® Accounting Standard as issued by the International Accounting Standards Board (IASB®) and 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 are tangible assets which the organisation holds for its own use which are expected to be used for more than one period. An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the organisation, and the cost of the item can be measured reliably. 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 organisation. The depreciation charge for each period is recognised in profit or loss.

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 |
| Office equipment | Straight line | 5 years |
| IT equipment | Straight line | 4 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. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1.2 INTANGIBLE ASSETS

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses. Research and development costs, for example, for the Member Portal, are recognised as an expense in the period incurred.

The Member Portal has been impaired and written off due to the specific requirements outlined in Section 18.14 of the IFRS for SMEs® Accounting Standard. According to the standard, any expenditure incurred internally on an intangible asset, including costs related to both research and development activities, must be recognised as an expense when incurred. This is unless the expenditure forms part of the cost of another asset that meets the recognition criteria specified in the standard.

Upon review of the Member Portal development costs capitalised, it was noted that these costs do not meet this criteria. Consequently, these costs were expensed, leading to the impairment and subsequent write-off of the intangible asset.

In cases where management is unable to make a reliable estimate of the useful life of an intangible asset, its best estimate is applied, limited to 10 years.

The residual value, amortisation period and amortisation method for intangible assets are reassessed when there is an indication that there is a change from the previous estimate.

### 1.3 FINANCIAL INSTRUMENTS

#### Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

#### Financial instruments at amortised cost

These include loans, trade receivables, trade payables and cash and cash equivalents. 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.

#### 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.

#### 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.

#### Long-Term Incentive Scheme (LTI)

Refer to Note 4 for details on the Long-Term Incentive Scheme.

### 1.4 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 leases – lessee

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.

### 1.5 IMPAIRMENT OF ASSETS

PASA assesses, at each reporting date, whether there is any indication that property, plant and equipment or intangible assets 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 related assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

### 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; if it is probable that PASA will be required to transfer economic benefits in settlement; and if 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 pre-tax 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. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 all future periods.

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 the conferences to PASA Members and non-Members. Excess income received is recognised as deferred income.

The total non-compliance penalty, training and conference net income for the period is transferred to deferred income. A summary of the movements in the deferred income balances is reflected in the Supplementary Note of these annual financial statements.

PASA Council determined that a holistic approach to the utilisation of the Deferred Income Reserves (including all three income streams; non-compliance penalties, training and conferencing) be adopted. The Deferred Income Reserves can only be used for the purposes of:

- Capacity building, education and training, including the appointment of interns to undergo payments training for a stipulated period;
- Research on matters such as new or emerging technologies, Modernisation of Payments, blockchain, etc., as well as new risk or risk mitigation measures and related legal developments, which research would include the development of papers on such aspects; and
- Projects, where such projects would be for the good of the National Payment System.

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

### 1.10 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

#### Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the annual financial statements.

#### Key sources of estimation uncertainty

- Useful lives of property, plant and equipment

PASA reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed significantly since the most recent reporting date. During the current year, management determined that the useful lives are appropriate.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2024

## 2. PROPERTY, PLANT AND EQUIPMENT

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Cost R | Accumulated depreciation and impairment R | Carrying value R | Cost R | Accumulated depreciation and impairment R | Carrying value R |
| Furniture and fixtures | 1 697 765 | (1 650 407) | 47 358 | 1 654 912 | (1 522 317) | 132 595 |
| Office equipment | 2 404 899 | (1 410 603) | 994 296 | 1 849 446 | (1 163 563) | 685 883 |
| IT equipment | 3 885 173 | (2 883 345) | 1 001 828 | 3 620 376 | (2 536 827) | 1 083 549 |
| Security equipment | 300 341 | (241 127) | 59 214 | 300 341 | (192 126) | 108 215 |
| **Total** | 8 288 178 | (6 185 482) | 2 102 696 | 7 425 075 | (5 414 833) | 2 010 242 |

#### Reconciliation of property, plant and equipment

| | Opening balance R | Additions R | Disposals R | Depreciation R | Closing balance R |
|---|---|---|---|---|---|
| **2024** | | | | | |
| Furniture and fixtures | 132 595 | 42 853 | – | (128 090) | 47 358 |
| Office equipment | 685 883 | 555 453 | – | (247 040) | 994 296 |
| IT equipment | 1 083 549 | 393 890 | (25 277) | (450 334) | 1 001 828 |
| Security equipment | 108 215 | – | – | (49 001) | 59 214 |
| | 2 010 242 | 992 196 | (25 277) | (874 465) | 2 102 696 |

| | Opening balance R | Additions R | Depreciation R | Closing balance R |
|---|---|---|---|---|
| **2023** | | | | |
| Furniture and fixtures | 340 928 | – | (208 333) | 132 595 |
| Office equipment | 645 748 | 312 352 | (272 217) | 685 883 |
| IT equipment | 772 418 | 751 292 | (440 161) | 1 083 549 |
| Security equipment | 161 722 | – | (53 507) | 108 215 |
| | 1 920 816 | 1 063 644 | (974 218) | 2 010 242 |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2024

## 3. INTANGIBLE ASSETS

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Cost R | Accumulated amortisation and impairment R | Carrying value R | Cost R | Accumulated amortisation and impairment R | Carrying value R |
| **Member Portal** | – | – | – | 1 304 964 | – | 1 304 964 |

### Reconciliation of intangible assets – 2024

| | Opening balance R | Impairment R | Closing balance R |
|---|---|---|---|
| **Member Portal** | 1 304 964 | (1 304 964) | – |

### Reconciliation of intangible assets – 2023

| | Opening balance R | Additions R | Closing balance R |
|---|---|---|---|
| Member Portal | 926 153 | 378 811 | 1 304 964 |

Costs incurred in the new Member Portal build were capitalised in prior year, however, this was reconsidered and the intangible asset has been impaired in full based on IFRS for SME which stipulates that all research and development costs must be expensed.

The intangible asset has been impaired and written off due to the specific requirements outlined in Section 18.14 of the IFRS for SMEs Accounting Standard.

Upon review of the intangible asset, it was noted that the cost of the intangible asset does not meet this criteria. Consequently, these costs were expensed immediately, leading to the impairment and subsequent write-off of the intangible asset.

## 4. OTHER FINANCIAL ASSETS

| | 2024 R | 2023 R |
|---|---|---|
| **At fair value** | | |
| Glacier Investment Plan – Vested portion | 1 944 715 | 2 114 718 |
| Glacier Investment Plan – Non-Vested portion | 35 494 117 | 32 837 732 |
| | 37 438 832 | 34 952 450 |
| **Non-current assets** | | |
| Designated at fair value through profit/loss | 35 494 117 | 32 837 732 |
| **Current assets** | | |
| Designated at fair value through profit/loss | 1 944 715 | 2 114 718 |
| | 37 438 832 | 34 952 450 |

### 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 – 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 retention bonuses to key management and a once off PIB-related retention LTI. The LTI vesting periods are as follows: 33% of the bonus allocation vests 3 years after the grant date, 33% vests 4 years after the grant date and the balance vests 5 years after the grant date. Payment is made to employees after vesting date. Furthermore, the allocation is forfeited if the employee leaves the entity before vesting and the amount forfeited vests as an investment for PASA.

The once off PIB-related retention LTI was granted under the following conditions:

- The LTI will be allocated to individual Glacier Investment Funds on the first day of operations of the PIB (PIB effective date). Should the PIB not be established, for whatever reason, then no LTI will be allocated to the employees and employees will have no claim against PASA.
- The full LTI will vest and become payable two calendar years after the PIB effective date on condition that the employee is still employed by the PIB.

### Long-term incentive reserve

A long-term incentive reserve is funded annually as part of the budgeting process. The reserve may be used for long-term incentive purposes such as to retain key employees, incentivise medium to long term high performance and to support sign-on bonuses for scarce skills.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2024

## 5. TRADE AND OTHER RECEIVABLES

| | 2024 R | 2023 R |
|---|---|---|
| Trade receivables | 27 803 | 61 523 |
| Prepaid expenses | 1 255 403 | 51 631 |
| Lease deposit | 440 581 | 440 581 |
| VAT | 1 832 350 | 3 940 026 |
| Sundry debtors | 124 | 3 954 |
| | 3 556 261 | 4 497 715 |

## 6. CASH AND CASH EQUIVALENTS

| | 2024 R | 2023 R |
|---|---|---|
| Cash and cash equivalents consist of: | | |
| Bank balances | 32 731 996 | 32 773 975 |
| Short-term deposits | 3 890 637 | 10 492 724 |
| Medium-term deposits | 377 453 | 348 226 |
| | 37 000 086 | 43 614 925 |

## 7. TRADE AND OTHER PAYABLES

| | 2024 R | 2023 R |
|---|---|---|
| Trade payables | 1 044 863 | 7 363 |
| Accrued leave-pay | 3 372 603 | 3 148 439 |
| Other payables | 278 298 | 322 286 |
| Accrued expenses | 1 909 131 | 2 487 202 |
| | 6 604 895 | 5 965 290 |

## 8. OTHER FINANCIAL LIABILITIES

| | 2024 R | 2023 R |
|---|---|---|
| **At fair value** | | |
| Long-Term Incentive Scheme – Vested portion | 1 944 715 | 2 114 718 |
| Long-Term Incentive Scheme – Non-Vested portion | 25 002 996 | 24 648 135 |
| PIB Long-Term Incentive Scheme – Non-Vested portion | 10 491 121 | 9 689 595 |
| | 37 438 832 | 36 452 448 |
| **Non-current liabilities** | | |
| At fair value | 35 494 117 | 34 337 730 |
| **Current liabilities** | | |
| At fair value | 1 944 715 | 2 114 718 |
| | 37 438 832 | 36 452 448 |

## 8. OTHER FINANCIAL LIABILITIES CONTINUED

### Long-Term Incentive Scheme – Vested portion

The liability consists of the vested portions of the Long-Term Incentive Scheme which are payable to qualifying LTI recipients as 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 LTI recipients as 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.

## 9. DEFERRED INCOME

| | 2024 R | 2023 R |
|---|---|---|
| Non-compliance penalties | 5 605 541 | 5 613 941 |
| Industry training | 5 275 548 | 2 499 045 |
| PASA International Payments Conference | 2 330 695 | 579 025 |
| | 13 211 784 | 8 692 011 |

## 10. REVENUE

| | 2024 R | 2023 R |
|---|---|---|
| Membership subscriptions | 118 060 959 | 122 650 326 |
| PCH agreements and membership | – | 189 000 |
| System operator activations and annual renewals | 762 719 | 912 874 |
| | 118 823 678 | 123 752 200 |

### 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.

## 11. OTHER INCOME

| | 2024 R | 2023 R |
|---|---|---|
| Training income recognised (See note 1.9) | 3 365 117 | 4 407 985 |
| Conference income (See note 1.9) | – | 6 374 071 |
| Other income | 27 600 | 27 600 |
| | 3 392 717 | 10 809 656 |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2024

## 12. OPERATING (DEFICIT)/SURPLUS

Operating (deficit)/surplus for the year is stated after accounting for the following:

| | 2024 R | 2023 R |
|---|---|---|
| **Operating lease charges** | | |
| Premises | | |
| – Contractual amounts | 857 997 | 882 061 |
| Impairment on intangible assets | 1 304 964 | – |
| Loss on exchange differences | 39 237 | 32 165 |
| Depreciation on property, plant and equipment | 874 465 | 974 218 |
| Employee costs | 90 108 654 | 86 503 184 |

## 13. INVESTMENT REVENUE

| | 2024 R | 2023 R |
|---|---|---|
| Interest received | 7 212 425 | 6 670 889 |

## 14. 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 its exempt status.

## 15. AUDITOR'S REMUNERATION

| | 2024 R | 2023 R |
|---|---|---|
| Audit fees | 153 700 | 145 000 |
| Other | 11 450 | 20 809 |
| | 165 150 | 165 809 |

## 16. CASH GENERATED FROM OPERATIONS

| | 2024 R | 2023 R |
|---|---|---|
| (Deficit)/surplus before taxation | (12 428 183) | 12 833 491 |
| **Adjustments for:** | | |
| Depreciation | 874 465 | 974 218 |
| Impairment of intangible asset | 1 304 964 | - |
| Non-cash flow items liability (LTI allocations and fair value adjustments) | 986 384 | 6 210 875 |
| Non-cash flow items investments | (1 604 656) | 185 260 |
| Interest received | (7 212 425) | (6 670 889) |
| **Changes in working capital:** | | |
| Trade and other receivables | 941 454 | (1 505 484) |
| Trade and other payables | 639 605 | 93 207 |
| Deferred income | 4 519 773 | (2 283 053) |
| | (11 978 620) | 9 837 625 |

## 17. COMMITMENTS

| | 2024 R | 2023 R |
|---|---|---|
| **Operating leases – as lessee (expense)** | | |
| **Minimum lease payments due** | | |
| – within one year | 1 816 041 | 1 487 563 |
| – 5 months in 2026 | 767 554 | 619 818 |
| | 2 583 595 | 2 107 381 |

## 18. INDEPENDENT COUNCILLORS

Sydney Gericke (Independent Chair resigned in July 2024)
Ingrid Goodspeed (previously Independent Deputy Chair - elected Independent Chair August 2024)
Herman Singh (previously Independent Councillor - elected Independent Deputy Chair August 2024)
Fay Mukaddam (Independent Councillor)
Thami Moatshe (Independent Councillor)

### Compensation paid to Independent Councillors

| | 2024 R | 2023 R |
|---|---|---|
| – For PASA Council duties | 2 010 391 | 2 287 322 |
| – For PIB project delivery | – | 14 564 |
| – For assistance on the Member Portal | – | 61 896 |
| **Independent Councillors remuneration** | 2 010 391 | 2 363 782 |

## 19. COMPENSATION PAID TO KEY MANAGEMENT

| | 2024 R | 2023 R |
|---|---|---|
| Key management remuneration | 30 051 677 | 27 008 227 |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2024

## 20. GOING CONCERN

The Annual Financial Statements have been prepared on the going concern basis. PASA Council believes that PASA has adequate financial resources to continue in operation for the foreseeable future. PASA Council has satisfied themselves that PASA is in a sound financial position and capable of meeting its foreseeable cash requirements. PASA Council has considered the impending legislative changes relating to regulatory reform in the NPS by way of a separate NPS Bill. Further, PASA Council has considered the transition from PASA to the PIB and the SARB's withdrawal of its unconditional no objection to the PIB design report together with the invitation for PASA to review the PIB's design and propose alternate modalities for its establishment and operation, which must exclude the interoperability rulemaking powers.

A draft NPS Bill has been issued for a short closed consultation, after which it will follow due process for tabling in parliament and public consultation. Although the Bill may be processed by parliament in 2025, it is not anticipated that the consequential transition to the PIB will take place in this period. Furthermore, the SARB has reiterated that, until such time that the recognition of PASA as a payment system management body in the NPS is withdrawn, the status quo will continue to hold. PASA Council notes that based on all the information currently available, PASA continues to operate as required by its Constitution as a going concern. The Councillors are not aware of any material non-compliance with statutory or regulatory requirements.

## 21. SIGNIFICANT MATTERS

In April 2025, the SARB withdrew its unconditional no objection to the Payments Industry Body (PIB) design report which had been granted in 2023. The PIB design report outlines the industry-approved design for a new industry body, for now called the PIB, intended to replace PASA. While the SARB, remains strongly supportive of an industry collaborative and coordination body that promotes interoperability in the NPS, the body must align with the changed role of the SARB in the NPS as represented by the Payment Ecosystem Modernisation initiative. Accordingly, the SARB has invited PASA and the broader industry to review the PIB's design and propose alternate modalities for its establishment and operation, which must exclude the interoperability rulemaking powers. The proposal should reach the SARB within six months from the date of the withdrawal of the SARB's unconditional no objection to the PIB design report. Previously it was reported that the Conduct of Financial Institutions (CoFI) Bill would create consequential amendments to the NPS Act, a dependency for the transition to the PIB. The NPS Bill has instead been updated directly and will be submitted to parliament along with the CoFi Bill. The SARB has further reiterated that, until such time that the recognition of PASA as a payment system management body in the NPS is withdrawn, a consequence of the NPS Bill, the status quo will continue to hold. PASA continues to operate as required by its Constitution.

## 22. EVENTS AFTER THE REPORTING PERIOD

In April 2025, the SARB withdrew its unconditional no objection to the PIB design report and invited PASA to review the PIB's design and propose alternate modalities for its establishment and operation, which must exclude the interoperability rulemaking powers. The SARB has further reiterated that, until such time that the recognition of PASA as a payment system management body in the NPS is withdrawn, the status quo will continue to hold.

## 23. RELATED PARTIES

### Relationships

Independent councillor – H. Singh

**Related party balances and transactions with entities with control, joint control or significant influence over the company**

| | 2024 R | 2023 R |
|---|---|---|
| **Assistance on the Member Portal –** H. Singh | – | 61 896 |

# SUPPLEMENTARY INFORMATION

## NOTE 1: DEFERRED INCOME ANALYSIS

| | 2024 R | 2023 R |
|---|---|---|
| **Non-compliance penalties** | | |
| Opening balance | 5 613 941 | 5 173 381 |
| Income received for the year | – | 500 000 |
| Expense | (8 400) | (59 440) |
| **Closing balance** | 5 605 541 | 5 613 941 |
| **Training: industry** | | |
| Opening balance | 2 499 045 | 3 007 141 |
| Income received in advance (liability) | 1 187 890 | 4 407 985 |
| Income received for the year | 5 003 248 | – |
| Expenses incurred triggering the release of deferred income | (3 414 635) | (4 916 081) |
| **Closing balance** | 5 275 548 | 2 499 045 |
| **PASA International Payments Conference** | | |
| Opening balance | 579 025 | 67 822 |
| Income received in advance (liability) | 1 751 670 | - |
| Income received for the year | – | 6 885 274 |
| Expenses incurred triggering the release of deferred income | – | (6 374 071) |
| **Closing balance** | 2 330 695 | 579 025 |
| **Total deferred income at the end of the year** | 13 211 784 | 8 692 011 |

The supplementary information presented does not form part of the annual financial statements and is unaudited.