

2025 Budget and Proposed Membership Fees

1. Introduction

This paper is prepared to facilitate discussion regarding the 2025 budget – see **Attachment A**. This is based on the Board recommendation of the proposed 2025 membership fees – see **Attachment B**. The proposed membership fees will be subject to approval at the EGM.

2. Commentary

Directors considered the broad parameters for the 2025 budget at the Board meeting on 28 October and concluded to propose a 2% increase in membership fees based on the same rationale as the previous year – a small increase to demonstrate an intention of growth. The budget is based on the best estimates of what may transpire during 2025. Assumptions for other key components are:

- **Bank Interest** – the level of bank interest rose significantly in 2024 as interest rates rose more than anticipated. Interest rates have recently reduced and as the fixed-term deposits are renewed, interest income will fall during 2025
- **Staff remuneration:** CE – a change of CE is expected during the second half of 2025. There may be an overlapping period (suggested not to exceed one month). The current proposal is for a replacement to be based in KL, and whilst final remuneration or terms are unknown, some savings may arise. For the purpose of the 2025 budget, the current CE's costs for a full year (with a 3% increase) have been included. Staff – it is proposed that the vacant staff position not be filled at the current time, allowing the new CE to consider the experience and skills required. For the purpose of the 2025 budget, the salary and related costs of a manager level person has been included for the last 3 months. For existing staff, the budgeted salary increase ranges from 0-5%.
- **Travel related costs** – as presented to the Board during December 2022 the approach for estimating travel costs reflects the following in-person meetings:
 - ✓ 1 Members Meeting (MM), which includes a Board meeting – CAPA staff
 - ✓ 1 additional Board meeting – CAPA staff
 - ✓ 1 committee or group meeting – CAPA staff
 - ✓ IFAC CE Forum (usually in conjunction with IFAC Board) – CE only
 - ✓ IFAC Council and Board meeting – President and CE
 - ✓ A contingency amount (US\$30,000) to be used for any additional CAPA meetings, IFAC related events, or other member or stakeholders events – where attendance is considered relevant, valuable and impactful, etc.
- **Consultants** – the approach to using consultants has been to engage when CAPA does not have the required skills or additional resources are required. Following the appointment of 2 Executive Directors, consultants have not been used.
- **CE Search Fee** – it is expected a search firm will be used to assist in recruiting a replacement CE. Based on two proposals currently received, it is expected the search fee could equate to 25% of actual salary.
- **Design, production and printing related costs** – the 2023 Annual Report was produced solely in-house, as was the latest Accounting Technician thought leadership document released in late 2022. Mei Leng has been able to undertake this work to a standard for which outside assistance has not been needed. We expect this to continue, with future staff also having such skills. Postage costs have also fallen as we move further away from printing in large quantities, if at all. The savings in such costs have been reflected in the 2025 budget

- **All other costs** – all other costs are relatively low, individually and cumulatively. Estimates have been made on the current full-year 2024 forecast
- **Exchange rate** – 2025 rate > US\$1:MYR4.3, whilst 2024 rate > US\$1:MYR4
- **CAPA Conference 2024 levy** – not expected as none was negotiated to cover administrative support and arrangements.

Members will be requested to approve the proposed 2025 membership fees at the Extraordinary General Meeting.

Note: The GAC will review *the compilation of the budget based on the disclosed assumptions and their application* at their next meeting.

Closing Remarks

Reserves at the end-2024 are projected to be approximately US\$1.36m (more than 2 years fees). This level of reserves exceeds the policy recommendation that reserves be maintained between one and two years of annual membership fees. (The resignation of a member in 2023 impacted the reserves ratio.) Last year, the Board approved future deficits for a period of time. The 2026 forecast portrays what this could look like under a full complement of staff and no other significant changes in operations or approach.

3. Action Required

To discuss, with view to approving the proposed 2025 membership fees (**Attachment B**) at the Extraordinary General Meeting.

ATTACHMENT A

2024 Budget vs results to date and full-year forecast, and 2025 Budget

**CONFEDERATION OF ASIAN AND PACIFIC ACCOUNTANTS LIMITED
STATEMENT OF INCOME AND EXPENDITURE**

	2024 Approved BUDGET	2024 Actual & Projection	2025 BUDGET
	<u>USD</u>	<u>USD</u>	<u>USD</u>
1 Membership fees	542,615	542,616	553,467
2 Other revenue: Bank interest received	40,000	54,154	43,323
Total Revenue	<u>582,615</u>	<u>596,770</u>	<u>596,790</u>
3 Staff resources	555,242	506,557	514,780
4 Consultants	15,000	-	-
5 CE Search fee	-	-	47,000
6 Travel related	103,700	59,396	86,600
7 Administrative and operations			
Information, communications and technology	6,500	6,000	6,500
Creative design and production	9,000	1,000	2,000
Postage and product distribution	6,000	2,000	3,000
Annual Review	4,000	2,000	2,500
Rent and utilities	7,000	6,600	8,000
Audit	4,900	4,770	5,000
Depreciation	4,000	2,400	4,000
Sundry expenses	2,500	1,700	2,500
Legal and professional fees	2,000	1,980	2,500
Meetings - in person	4,000	3,800	5,000
Company insurance	1,200	1,200	1,200
Bank charges	600	500	600
Office repairs, maintenance and cleaning	800	300	800
Donation	500	500	500
Total Expenses	<u>726,942</u>	<u>600,703</u>	<u>692,480</u>
Surplus/(Deficit)	<u>(144,327)</u>	<u>11,681</u>	<u>(95,690)</u>
Forecast Reserves	<u>1,206,607</u>	<u>1,362,615</u>	<u>1,266,925</u>
Exchange Rate used:	USD1:MYR4	USD1:MYR4.5	USD1:MYR4.3

ATTACHMENT B

Proposed 2025 membership fees

MEMBERSHIP FEES

	Approved	Proposed
	2024 USD	2025 USD
MEMBER	2% increase	2% increase
1 CA ANZ - Aust & NZ	55,712	56,826
2 JICPA - Japan	55,712	56,826
3 AICPA - USA	55,712	56,826
4 CPA Australia	48,195	49,159
5 CICPA - China	42,060	42,901
6 ICAI - India	42,060	42,901
7 KICPA - Korea	42,060	42,901
8 IPA - Australia	26,765	27,300
9 ICAI-CMA - India	22,726	23,181
10 PICPA - Philippines	12,852	13,109
11 ICAP - Pakistan	9,180	9,364
12 CASL - Sri Lanka	9,180	9,364
13 AAT SL - Sri Lanka	5,977	6,097
14 ICMAP - Pakistan	4,610	4,702
15 ICAB - Bangladesh	4,610	4,702
16 ICAN - Nepal	4,610	4,702
17 MonICPA - Mongolia	4,610	4,702
18 ICMAB - Bangladesh	2,458	2,507
19 CMASL - Sri Lanka	2,458	2,507
20 CPAPNG - PNG	1,418	1,446
21 VACPA - Vietnam	1,418	1,446
22 FIA - Fiji	1,418	1,446
23 SIA - Samoa	1,071	1,092
AFFILIATE		
24 DIPAC (CNCC/OECCA) - France	21,035	21,456
25 ICAEW - UK	21,035	21,456
26 ACCA - UK	21,035	21,456
27 AAT - UK	21,035	21,456
ASSOCIATE		
28 POA - DPR Korea	923	941
29 SIIA - Solomon Islands	680	694
TOTAL	542,615	553,467