AFRICAN UNION

BOARD OF EXTERNAL AUDITORS

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE AFRICAN UNION FOR THE YEAR ENDED 31 DECEMBER 2019

FEBRUARY 2021

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Abbreviation's list

AU	African Union
INTOSAI	International Organization of Supreme Audit Institutions
ISSAI	International Accounting Standards for the Public Sector
USD	US Dollar
DPBFA	direction of program, budget, finance and accounting
APRRM	African Peer Review Mechanism
PAP	Pan African Parliamentary
AfCHPR	African Court of Human Rights and Peoples
ACHPR	African Commission on Human and Peoples 'Rights
IPSAS	International Public Sector Audit Standards
ISA	International Standards on Auditing
FRR	Financial Rules and Regulation
CUA	Commission of the African Union
BOEA	Board of External Auditors
GL	General Ledger
TB	Trial Balance
PPE	Properties, Plans and Equipment
AOC	Audit Operations Committee
PRC	Permanent Representatives Committee

INTRODUCTION

Mandate

1. Article 77 of the Financial Regulations of the African Union stipulates that a Board of External Auditors of the AU is established to audit the accounts of the Union. The audit is performed in accordance with auditing standards. Member States of the Council are appointed by the Executive Council.

2. The Executive Council of the African Union, by Decisions EX.CL./Dec.1027 (XXXIII) and EX.CL./Dec.916 (XXVIII) appointed ten (10) members to the Board of External Auditors, five representatives of the first-tier Member States and five representatives from each region of Africa, responsible for auditing the African Union's financial statements for the financial years 2018 and 2019.

3. The Board adopted, at its meeting of 19 and 20 November 2019 held in Algiers (Algeria), the audit strategy for the organs of the union for the year 2019. In execution of this strategy, the auditors representing SAIs of council member countries conducted an interim audit, from February 11 to March 1, 2020, on site of AU organs and a final audit, from November 15 to December 4, 2020, **remotely** except for 2 organs (APRM and AU-ABC) . The remote audit was scheduled after the strategy was amended due to **the COVID-19 pandemic**.

4. The audit of the consolidated financial statements of the AU consisted of assessing the procedure applied to cumulate all the organs of the AU and ensuring that the financial statements of all the organs were correctly and faithfully integrated in the AU financial statements.

Termes of Reference

5. The audit was conducted in accordance with the terms of reference of the audit as stipulated by:

- Article 79 of the Financial Regulations of the African Union including its sub-paragraphs (a-d) which require the Board of External Auditors of the African Union to:

  a) carry out an external audit ex post facto of the accounts of the Union;

b) ensure that the audit is conducted in accordance with international auditing standards and subject to any special guidance from the Executive Board;

c) verify the manner in which the Authorizing Officer and those under his authority have fulfilled their accounting duties and responsibilities;

d) formulate proposals to enhance the effectiveness of budget and financial management methods, including the accounting system;

- Article 83 of the Financial Regulations of the African Union, which states that the BoEA expresses its opinion on the financial statements of the African Union. The opinion of the BoEA is to indicate whether:

  - The financial statements of the AU accurately reflect the financial position of the year ended 31st December 2019;
  - The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS);
  - The accounting principles have been systematically applied compared to the previous period;
  - The transactions carried out during the financial year were in accordance with the Financial Regulation.

Report of the Board of External Auditors to the Permanent Representatives Committee of the African Union

To: His Excellency Sir, the Chairman of the Sub-Committee of Permanent Representatives on Audit Matters

Opinion

6. We have audited the consolidated financial statements of the African Union, which include the statement of financial position as at December 31, 2019, the statement of financial performance, the statement of changes in equity, the statement of financial position and cash flow, the comparative status of the budget with the actual amounts for the year then ended, and notes to the financial statements, including a summary of the principal agreements.

7. In our opinion, the attached financial statements presents fairly the financial position of the AU as at December 31 2019, as well as its financial performance and cash flows for the year then ended, in accordance with IPSAS.

Basis of Opinion

8. We conducted our audit in accordance with International Auditing Standards (ISSAI / ISA). Our responsibilities under these standards are further described in the section "External Auditor's Responsibility for Auditing Financial Statements". We are independent from the African Union Commission in accordance with the IESBA Code of Ethics for Professional Accountants of the Council of International Standards of Accountant Ethics, and we have fulfilled our other responsibilities under these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

9. The key audit questions are those that, from a business perspective, had a special meaning in our audit of the financial statements for the current period. These issues have been addressed in the context of our audit of the financial statements as a whole and in forming our opinion on them. We do not express a separate opinion on these points. In addition to the matters described in the section "Basis of Opinion", we have determined that the following are the key points of the audit that should be disclosed in the report.

10. **Neutralization of inter-organ transactions:**

n any process of cumulating or consolidating the financial statements of entities wholly under the same parent entity with a view to presenting the cumulated or consolidated financial statements of this latter, the inter-organ transactions carried out during the financial year must be neutralized and inter-organ accounts must have zero balance. The neutralization of transactions between the 7 financially and accounting autonomous organs constituting the AU, was the key question of the audit during the 2019 audit.

Other information

11. **The** aggregation of the financial statements of the organs is not done automatically from the SAP system. It is carried out using an Excel table which presents risks of error;

12. Inter-company liaison accounts do not cancel each other out in the AU's Consolidated financial statement. An amount of USD 8.138 million remains outstanding under the heading “intercompany receivable account”.

13. The financial statements of the AUC and other organs are not standardized. Each organ presents the statement of its financial position according to its own accounting and financial headings and each heading groups together accounts that differ from one organ to another.

14. The consolidation table has integrated all organs of the AU namely, AUC, PAP, NEPAD, AfCHPR, ACHPR, AU-ABC and APRM. The reconciliation of the 2019 financial statements of the organs that served as the basis for their audits with the data included in the consolidation table of the financial statements revealed differences on the headings of assets and liabilities. These differences result from the restatements of the TB of the organs by the DPBFA due to the above-mentioned uniform non-presentation of the financial statements of the organs. However, all the net assets of the organs included in the consolidation table are identical to the net assets of their financial statements with the exception of the ACHPR which presents an insignificant difference of almost 2,000 USD.

15. The results of the consolidation table of financial statements of all organs are correctly reflected in the AU consolidated financial statements.

<u>Management ‘s Responsability</u>

16. administration is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and the Financial Regulations of the African Union, as well as any internal control it deems necessary to the institution.

In preparing the financial statements, management is responsible for assessing the ability of the AU to continue as a going concern, disclosing, as appropriate, going concern information and applying the accounting principle of going concern unless management intends to terminate any organ of the UA or if there is no other realistic alternative option. It is the responsibility of AU leaders to monitor the AU financial reporting process.

Responsibility of External Auditors

17. Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an audit report containing our opinion. Reasonable assurance is a high level of assurance, which does not guarantee that an audit performed in accordance with ISSAI / ISA standards will always detect a material misstatement where it exists. Anomalies may arise from fraud or error and are considered significant where it is reasonable to expect that, individually or in aggregate, they may influence the economic decisions of users based on them.

As part of an audit conducted in accordance with ISSAI / ISA standards, and throughout this audit, we exercise our professional judgment and are critical. In addition, we are required to proceed to:

- The identification and assessment of the risks of material misstatement of the financial statements, whether due to fraud or error, the design and execution of audit procedures tailored to those risks, and the collection of risks, evidence, sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement as a result of fraud is greater than that resulting from an error, as fraud may involve collusion, falsification, intentional omissions, misrepresentation or circumvention of internal control.
- The acquisition of a better understanding of internal control relevant to the audit in order to design appropriate audit procedures in the circumstances, but not to express an opinion on the effectiveness of the internal control of the audit; AU.
- The assessment of the appropriateness of the accounting policies used and the reasonable nature of accounting estimates and related information provided by management.
- The conclusion on the appropriateness of management's use of the going concern accounting principle and, based on the audit evidence gathered, whether there is significant uncertainty related to events or conditions that could result in doubt about the AU's ability to continue operating. If we conclude that there is significant

uncertainty, we must report in our audit report the information provided in the financial statements about significant uncertainty, or if this information is inadequate, we must express a modified opinion. Our conclusions are based on the information we had until the date of our audit report. However, future circumstances or events could lead the entity to cease operations.

- the assessment of the overall presentation, structure and content of the financial statements, including the information provided in the financial statements and the assessment whether the financial statements reflect the transactions and events underlying them in such a manner that they give a sincere presentation.

We communicated to the AU management, in particular, the scope of the planned audit work and schedule and the significant findings, including any significant weaknesses in internal control, identified during our audit.

We also provided executives with a statement confirming that we met the relevant ethical requirements for independence, and we will disclose to them all our relationships and other matters that may reasonably affect our independence and, where applicable, on related guarantees.

Among the issues communicated to executives, we define the most important issues in the audit of the financial statements of the current period and which are, therefore, key audit questions.

We describe all matters raised in our audit report except where laws and regulations prohibit publication or where, in very rare circumstances, we decided not to disclose any matter raised in our report because of adverse consequences that could reasonably be expected to occur.

Mr. ABDELKADER BENMAROUF

Chairman of the Board of External Auditors of the AU

Le Président de la Cour des Comptes

11 FEV 2021

A. BENMAROUF

Annex: Consolidated Financial Statements of the African Union

AFRICAN UNION
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UNION AFRICAINE

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ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS OF AFRICAN UNION (AU) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Chief of Staff
Bureau of the Chairperson

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AFRICAN UNION COMMISSION
Bureau of the Chairperson
Chief of Staff
Bureau of the Chairperson
COMMISSION DE L'UNION AFRICAINE
Bureau du Président

List of Abbreviations

Abbreviation	Full name
ACALAN	Executive Secretariat of the African Academy of Languages, Bamako, Mali
ACSRT	African Centre for the Study and Research on Terrorism - Algiers, Algeria
AFREC	African Energy Commission
AFRIPOL	African Mechanism for Police Cooperation
AMISOM	African Union Mission in Somalia
AMU	Arab Maghreb Union
AOSTI	African Observatory of Science, Technology and Innovation
Arab League Mission	African Union Permanent Delegation to the League of Arab States – Cairo, Egypt
APRM	African Peer Review Mechanism
AU	African Union
AUABC	African Union Advisory Board on Corruption
AUC	African Union Commission
AUCIL	African Union Commission on International Law
AUSARO	African Union Mission to the Southern African Region – Lilongwe, Malawi
CELHTO	Centre d'Etudes Linguistiques et Historiques par Tradition Orale (French): Center for Linguistic & Historical Study of Oral Tradition; Niamey, Niger
CEN-SAD	Community of Sahel-Saharan States
COMESA	Common Market for Eastern and Southern Africa
DRC	Democratic Republic of the Congo
EAC	East African Community
ECCAS	Economic Community of Central African States
ECOSOCC	Economic, Social and Cultural Council
ECOWAS	Economic Community of West African States
ERM	External Resources Management Division
ETB	Ethiopian Birr
EU & THE ACP Mission	Permanent Observer Mission of the African Union to the EU & THE ACP – Brussels, Belgium
FRR	Financial Rules and Regulations of the African Union
GBP	Great Britain Pound
GDP	Gross Domestic Product
H.E.	His Excellency
HQ	Headquarters
IAPSC	Inter-African Phytosanitary Council – Yaoundé, Cameroun
IBAR	The Inter-African Bureau for Animal Resources (IBAR) - Nairobi, Kenya
ICT	Information and Communication Technology
IDP	Internally Displace Person
IGAD	Intergovernmental Authority on Development
IPSAS	International Public Sector Accounting Standards
NEPAD	New Partnership for Africa's Development

List of Abbreviations (continued)

Abbreviation	Full name
PANVAC	Pan African Veterinary Centre, Debrezeit, Ethiopia
PAP	Pan African Parliament
PAU	Pan African University
PBFA	Programming, Budgeting, Finance and Accounting
PPE	Property, Plant and Equipment
PRC	Permanent Representative Committee
PSD	Peace and Security Department
PY	Prior Year
RECS	Regional Economic Communities
SADC	Southern African Development Community
SAFGRAD	Specialized Office for Promotion of Agricultural Research and Development in the Semi-arid Zones of Africa (SAFGRAD) Ouagadougou, Burkina Faso
STRC	Scientific, Technical & Research Commission - Abuja, Nigeria
UAE	United Arab Emirates
AU GENEVA	African Union Mission to the United Nations – Geneva, Switzerland
AN NEW YORK	Permanent Observer Mission of the African Union to the United Nations - New York
UNECA	United Nations Economic Commission for Africa
USD	United States Dollar

Annual Report

1. African Union

The African Union elected officials are composed of the Chairperson, Deputy Chairperson and eight commissioners, plus staff (Constitutive Act, article 20; Commission Statutes, article 2). The Assembly elects the Chairperson and Deputy Chairperson. The Executive Council elects the Commissioners, who are appointed by the Assembly. The term of office for the elected Commission members' is four years, renewable once (Commission Statutes, article 10).

The regions from which the Chairperson and Deputy Chairperson are appointed are entitled to one commissioner each. All other regions are entitled to two commissioners. At least, one commissioner from each region shall be a woman. Voting for each portfolio is by a series of ballots if required and a two-thirds majority.

The Commissioners support the Chairperson in running the Commission and have the responsibility to implement all decisions, policies and programmes relating to their portfolios (Commission Statutes, article 11). The eight portfolios are set out in the Commission Statutes (article 12).

The elected Commissioners are tabulated below:

Commissioner for Peace and Security	Amb Smail Chergui, Algeria (re-elected in January 2017)
Commissioner for Political Affairs	H.E. Cessouma Minata Samate, Burkina Faso (elected in January 2017)
Commissioner for Infrastructure and Energy	H.E. Amani Abou-Zeid, Egypt (elected in January 2017)
Commissioner for Social Affairs	H.E. Amira El Fadil, Sudan (elected in January 2017)
Commissioner for Trade and Industry	H.E. Albert M. Muchanga, Zambia (elected in January 2017)
Commissioner for Rural Economy and Agriculture	H.E Sacko Josefa Leonel Correa, Angola (elected in January 2017)
Commissioner for Human Resources, Science and Technology	Sarah Mbi Enow Anyang Epse Agbor, Cameroon (elected in July 2017)
Commissioner for Economic Affairs	Harison Andrianaivo Victor, Madagascar (elected in July 2017)

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Annual Report (continued)

2. Financial statements discussion and analysis for the financial year ended 31 December 2019

2.1. Financial reporting and accountability

The Chairperson of the African Union Commission is the Chief Executive Officer, legal representative of the AU and the Accounting Officer (Commission Statutes, article 7). The Chairperson is directly responsible to the Executive Council for the discharge of his duties.

This role is delegated to the Deputy Chairperson, who assists the Chairperson in the execution of his functions and ensures the smooth running of the Commission in relation to administrative and financial issues. The Deputy acts as the Chairperson in his absence.

Financial reporting and accountability role is delegated to the Accounting Officer who is responsible for the administration and enforcement of the AU Financial Rules and Regulations (FRR). This role may be delegated to the controlling Officers and where applicable competent authorities of the Union as may be deemed appropriate.

Often, this role is delegated to the Directorate of Programming, Budget, Finance and Accounting (PBFA) The role of the Directorate of PBFA is to administer and ensure compliance with the Union's FRR, as well as budgetary and accounting policies and procedures, for the smooth running of programs.

At the end of each financial year, the Accounting Officer- through the delegated personnel- prepares the annual financial statements of the Union which provides financial information on the activities of the AU comprising of the organs, liaison offices, regional and specialized offices from an accrual accounting and budgetary perspective. The financial statements are prepared in accordance with the Union's FRR and in accordance with International Public Sector Accounting Standards (IPSAS).

2.2. Budgeting Process

AU prepares the budget annually for each financial year starting 1 January and ending 31 December. The Chairperson of the African Union Commission is the Chief Accounting Officer of the AU. The budget and related matters are considered by the Permanent Representatives Committee (PRC) and its relevant sub-committees, and recommendations are made to the Assembly (Assembly of Heads of State and Government of the African Union) through the Executive Council. The Assembly approves and adopts the budget of the African Union.

2.3. Budget Trends

The AU budget has been growing over the years. This growth in the budget has been because of the expanded scope of work of the Union mainly from implementation of the Assembly decisions and the subsequent need to implement the First Ten Year Plan of Agenda 2063.

The AU policy organs adopted US$726.3 million which included Peace Support Operations budget. US$429.3 million was allocated towards the operating budget while US$297million was allocated towards program budget. Of the operating budget, $273.2 million was related to the peace support operations budget. The Member States allocation towards financing the 2019 budget was US$306.5 million while International development partners were to finance US$419.8 million. This represented Member States funding 42% of the total budget while international development partners funded 58%.

The initial 2019 budget appropriation of US$ 681.5 million was approved by the assembly via decision Assembly/AU/Dec.699 (XXXI) with additional supplementary budgets being approved as follows:

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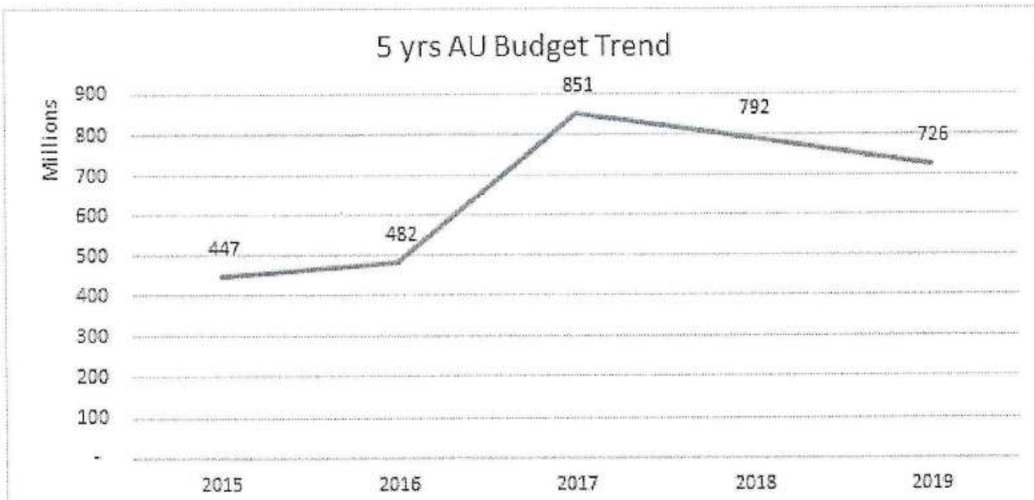
2.3. Budget Trends (continued)

Schedule for AUC 2019 Budget Approval

Description	Decision Number	Amount (US$)
Initial Appropriation*	Assembly/AU/Dec.642(XXIX)	681,485,337
1st Supplementary Budget	EX.CL/Dec.986(XXXII)Rev.1	9,556,066
2nd Supplementary Budget	PRC/ Rpt (2-2018)	119,810
3rd Supplementary Budget	Assembly/AU/Dec.699(XXXI)	35,160,710
Total AU 2019 Budget Approved		**726,321,923**

The graph below shows the budget trend of the Union over 5 years:

Figure 1: AU budget trend between 2015 and 2019 in USD



2.4. Source of funding of the African Union

The African Union is mainly financed by statutory contributions of the member states, voluntary contributions from development partners, and other miscellaneous income.

Member states contribution

The African Union is mainly financed by the member states through annual statutory contributions made in accordance with the scale of assessment approved by the Executive Council.

Development partners

The African Union has continued to fund much of its program budget through the support from development partners. This is through voluntary contributions, gifts and donations both in cash and in kind.

2.4 Source of funding of the African Union (Continued)

Other income

This constitutes income earned from commercial activities undertaken by the AU, fees earned from services rendered by the AU, revenue from investments, loans and advances and revenue of any other source not described above.

3. Risks and uncertainties

The African continent is exposed to various challenges such as political instability, economic difficulties, and natural calamities like drought, amongst others. As part of its mandate the African Union institutions and bodies mobilize resources to find rapid solutions to such challenges.

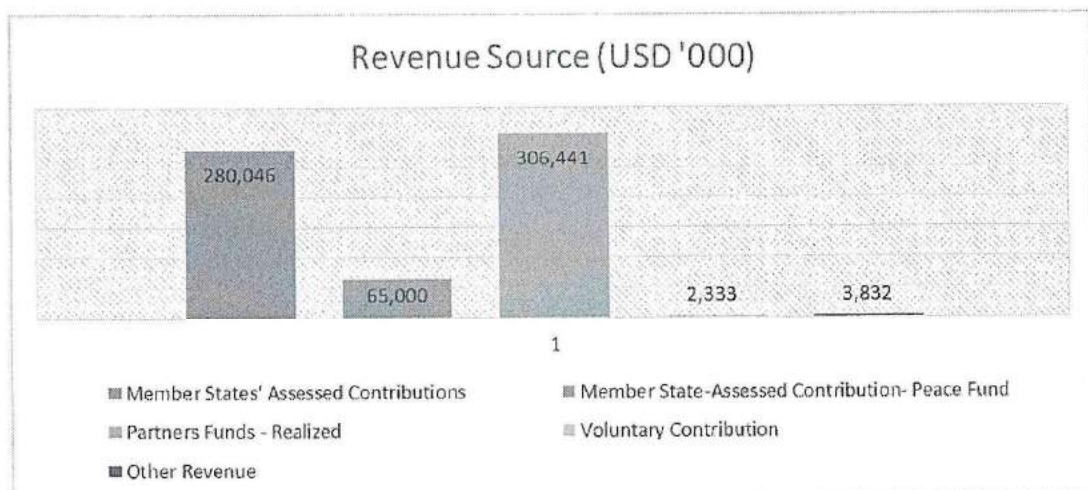
4. Overview of the major financial statement line items in the consolidated financial statements of the African Union

4.1 Revenue

For the AU to further its objectives it requires sustainable inflows in term of revenue. Currently, AU has four (4) main sources of revenue namely:

- Member States assessed contribution for regular budget
- Member states assessed contribution for peace fund budget
- Partner Fund realized
- Other revenue

Member states assessed contribution and partner fund make up the largest contribution of revenue source of African Union each contributing 53 % and 47% of the total revenue for the year respectively as illustrated in the graph below.

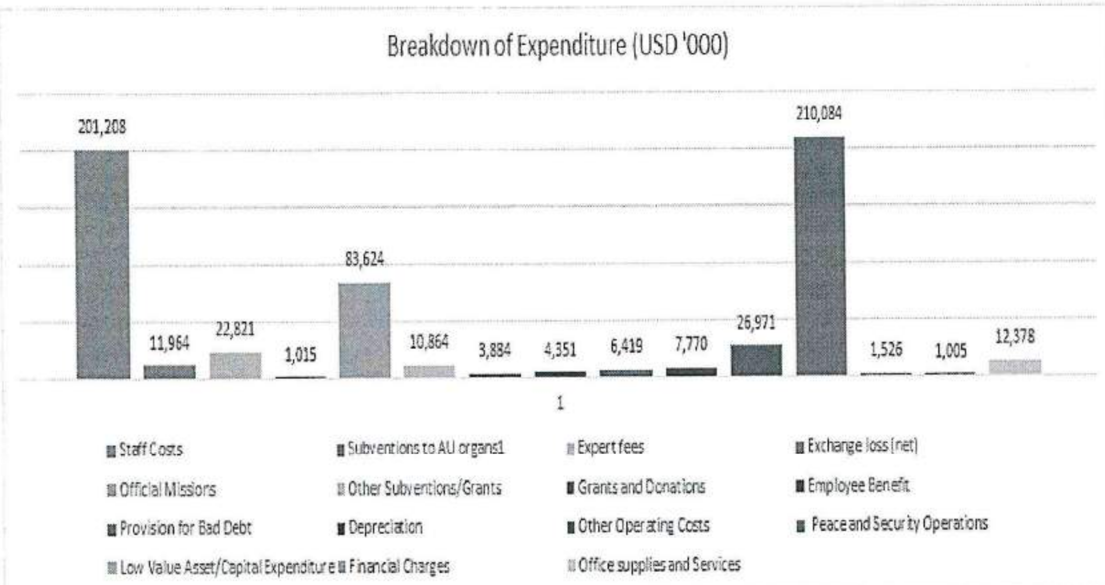


4.2 Expenses

The total expenditure of the Union for the year was USD 606 million compared to prior year of USD 618 million. The main expense lines were; Peace support operations, staff cost and official missions.

Annual Report (continued)

4.2 Expenses **(continued)**



4.3. Assets:

The most significant asset of the union is the property plant and equipment which make up 40% of the total assets. Cash and bank balances make up 30 % of the total assets; fixed term investments make up 13 % of the total assets while receivable from Member States makes up 11% of the assets.

a) Property plant and equipment

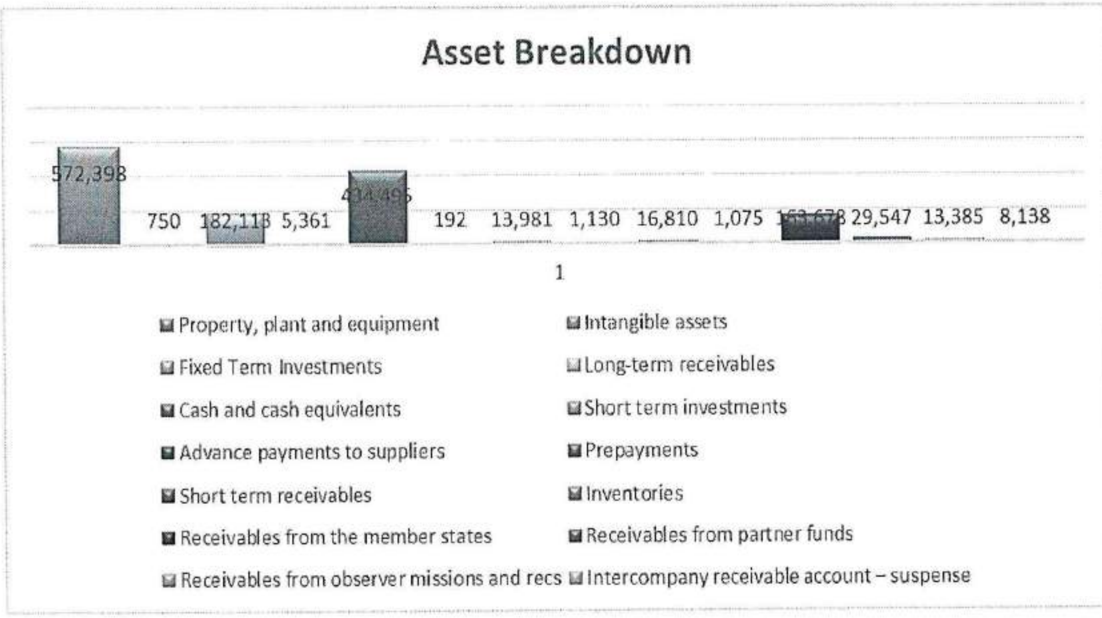
All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is attributable to the acquisition, construction or transfer of the asset. Land and work of art are not depreciated as they are deemed to have an indefinite useful life. Asset under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using straight line method.

b) Financial assets

Most of the financial asset for African Union is cash and bank balances, and short term investments.

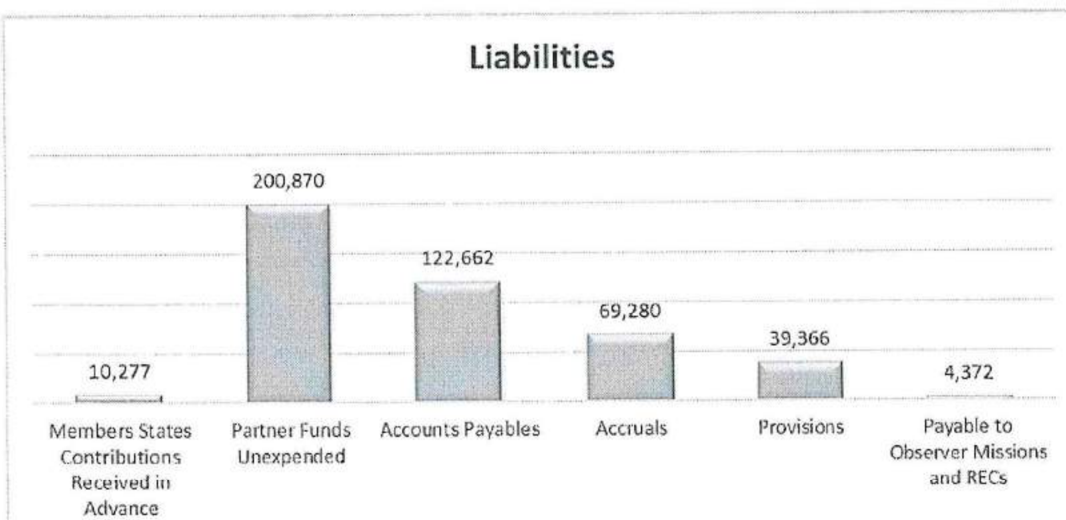
AFRICAN UNION COMMISSION Bureau of the Chairperson Office of Staff Bureau of the Chairperson COMMISSION DE L'UNION AFRICAINE Bureau du Président

Annual Report (continued)



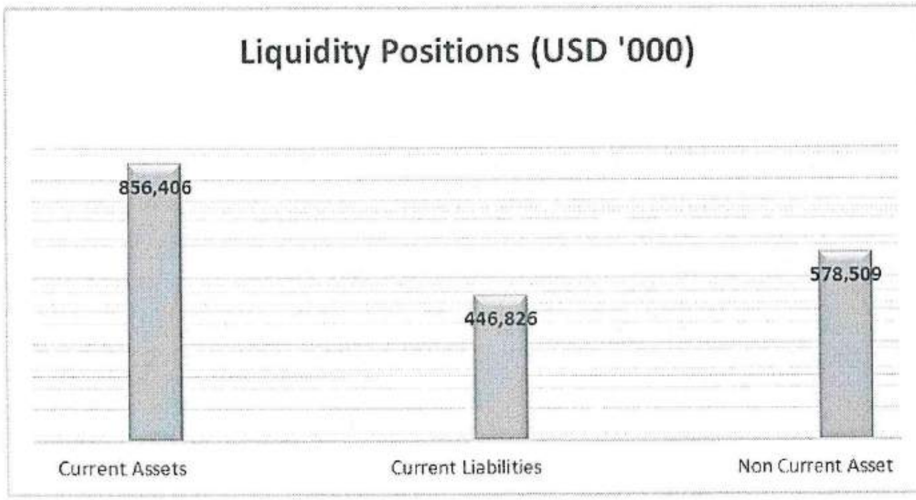
4.4. Liabilities

The liabilities consist of five (5) main balance items namely: unexpended partner funds, accounts payable, accruals, provisions and member states contribution received in advance. Accruals and provisions make up 25% of the total liabilities. Unexpended partner funds make up 45% of the total liabilities and accounts payables makes 27% of total liabilities.



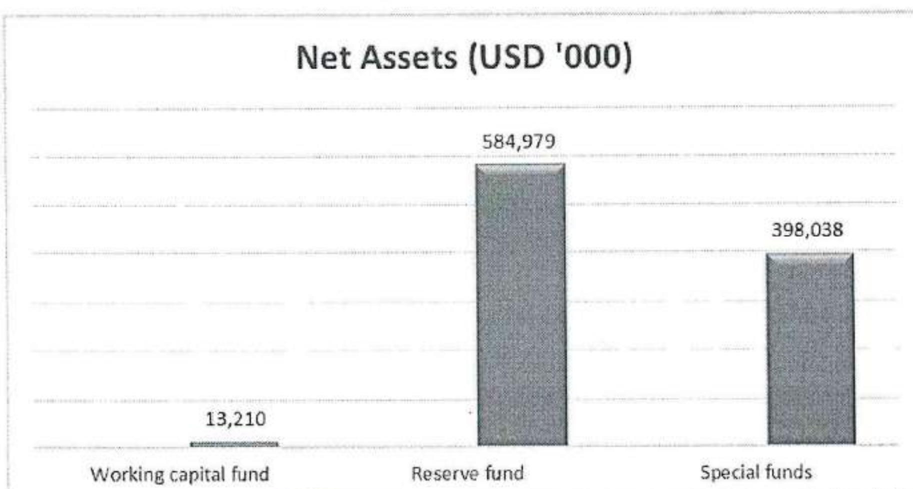
Annual Report (continued)

Overall, as at 31 December 2019, the current assets exceed total liabilities by USD410 million. The graph below depicts the relationship between the current assets, liabilities and Total assets.



Net assets of US$ 996 million is the residual value of the total assets and total liabilities. Net Asset are represented by:

- Reserve Fund represents cumulative surpluses and contributes 59% of the total net assets;
- Special Funds represent accumulation of specific purposes funds so as to further the objectives of the Union and contributes 40% of the total Net Assets; and
- Working Capital Fund represents 1% of the net assets.



5. Board of External Auditors

As per Assembly /AU /Dec.704 (XXXI), 31st Ordinary Session, 1 - 2 July 2018, Nouakchott, Mauritania, members of the first tier were assigned to audit the African union together with the nominated Heads of Supreme Audit Institutions; one from each Region of Africa, appointed by the Executive Council for a two-year term as per article 77 of the Union's Financial Rules and Regulations.

The current members of the Board are:

1	Algeria (Chair).
2	Morocco
3	Tunisia
4	Ghana
5	Nigeria
6	South Africa
7	Madagascar
8	Namibia
9	Egypt
10	Congo

The role of the Board of External Auditors is to carry out external audit of AUC accounts, including trust, project and special funds, and ensure that it conforms to internationally accepted auditing standards and guidelines. The Board reports to the AU Executive Council through the AU Permanent Representatives Committee (PRC). 2019 audit is the second year of the first term for the above auditors and they have a two-year term renewable once.

Transmittal Statement

In accordance with the AU Financial Rules and Regulations (FRR), article 71.1, I am pleased to submit the consolidated financial statements of the African Union for the financial year ended 31 December 2019. The consolidated financial statements have been prepared in accordance with the accrual basis of International Public Sector Accounting Standards (IPSAS) and the financial rules and regulations of the African Union.

The consolidated financial statements provide a complete overview of the union's finances and the implementation of the AU budget for the last year, including information on contingent liabilities, financial commitments and other obligations. The key financial figures and their changes from prior year reflects the activities and progress being made by the Union. The consolidated financial statements of African Union are part of the Union's integrated financial and accountability reporting package.

The African Union is consistently improving its financial rules and regulations, financial reporting and its organizational structure to adapt to the needs of stakeholders. It is my belief that reporting consistently and effectively increases the accountability of AU spending and help achieve an integrated, prosperous and peaceful Africa, driven by its own citizens.

As a continental body, AU continues to lead by example by developing Agenda 2063 which is Africa's blueprint and master plan for transforming Africa through good governance, into a global powerhouse of the future. Accountability is the hallmark of good governance and that has been a great inspiration in our desire to ensure we achieve the Africa we want.

Results for the year

The consolidated statement of financial performance on page 14 shows a surplus for the year of **US$ 61,614,120** (2018: US$ 119,708,420). In compliance with the AU Financial Rules and Regulations (FRR), the surplus has been transferred to the General Fund.

H.E. Moussa Faki Mahamat

Chairperson, African Union Commission (AUC)

10th March 2021

AFRICAN UNION COMMISSION
Bureau of the Chairperson
Chief of Staff
Bureau of the Chairperson
Bureau du Président
COMMISSION DE L'UNION AFRICAINE

REPORT OF MANAGEMENT

Management of African Union submits their report together with the audited consolidated financial statements of the Union for the year ended 31 December 2019.

Statement of Management Responsibility

Management is responsible for the preparation and fair presentation of the financial statements comprising the statements of financial position at 31 December 2019, the statements of financial performance, the statements of changes in net assets, statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Public Sector Accounting Standards (IPSAS) and Financial Rules and Regulations (FRR).

Management is responsible for ensuring that the AU keeps proper accounting records that are sufficient to show and explain the transactions of the AU; disclose with reasonable accuracy at any time the financial position of the AU; and that enables them to prepare financial statements of the AU that comply with prescribed financial reporting rules and regulations. It is also responsible for safeguarding the assets of the AU and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management accepts responsibility for the preparation and fair presentation of consolidated financial statements that are free from material misstatements whether due to fraud or error. It also accepts responsibility for:

(i) Designing, implementing and maintaining internal control necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;

(ii) Selecting suitable accounting policies and then apply them consistently; and

(iii) Making judgments and accounting estimates that are reasonable in the circumstances.

In preparing the consolidated financial statements, management has assessed the AU's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of management to indicate that the AU will not remain a going concern for at least the next twelve months from the date of this statement.

Management acknowledges that the independent audit of the consolidated financial statements does not relieve them of their responsibility.

Approved by Management on ______________________ 2020 and signed on its behalf by:

H.E. Kwesi Quartey	**Mr. Biodun Adeyemo**
Deputy Chairperson	**Ag. Director, Programming, Budgeting, Finance and Accounting**
African Union commission	**African Union commission**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2019 US$ '000	2018 US$ '000
		As at 31 December	
ASSETS			
Non-current assets			
Property, plant and equipment	5	572,398	553,962
Intangible assets	6	750	866
Long-term recevables	7	5,361	4,662
		578,509	559,490
Current assets			
Cash and cash equivalents	8	434,495	623,565
Short term investments	9	192	190
Fixed term investments	10	182,113	0
Advance payments to suppliers	11	13,981	12,913
Prepayments	12	1,130	801
Short term receivables	13	16,810	18,573
Inventories	14	1,075	1,268
Receivables from Member States	15	163,678	160,355
Receivables from partners	16	29,547	14,169
Receivables from Observer Missions and RECS	17	13,385	10,428
Inter-office receivable		8,138	8,829
		864,544	851,091
TOTAL ASSETS		1,443,053	1,410,581
LIABILITIES			
Current liabilities			
Accounts payable	18 (a)	122,661	181,385
Payable to Observer Missions and RECs	18 (b)	4,372	1,521
Accruals	19	69,279	79,547
Provisions	20	39,366	34,702
Members states contributions received in advance	21	10,277	11,956
Unexpended partner funds	22	200,870	193,410
TOTAL LIABILITIES		446,825	502,521
NET ASETS		996,228	908,060
Represented by:			
Working capital fund		13,210	5,000
Reserve Fund-Asset Reserve		439,798	
Reserve Fund-Cash Reserve		145,181	727,825
Special funds	23	398,039	175,235
TOTAL NET ASSETS		996,228	908,060

The notes on pages 19 to 60 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

		For the year ended 31 December	
		2019	2018
	Notes	US$'000	US$'000
REVENUE			
Revenue from non-exchange transactions			
Member states' assessed contributions		280,046	318,277
Member states' assessed contributions Peace Fund		65,000	65,000
Voluntary Contribution	24	2,333	6,177
Partner funds realized	25	306,441	342,686
		653,820	732,139
Revenue from exchange transactions			
Other revenue	26	3,832	5,482
Total revenue		657,652	737,621
EXPENSES			
Staff costs	27	205,559	209,178
Subventions to AU organs	28	2,119	3,359
Expert fees	29	22,821	20,116
Official missions	30	83,624	82,446
Other subventions/ grants	31	10,864	12,773
Grants and donations	32	3,884	3,453
Provision for bad debts	33	6,417	5,858
Depreciation and amortization	5&6	7,770	6,590
Other operating expenses	34	26,971	28,638
Peace support operations	35	210,084	221,794
Low value asset/ capital expenditure	36	1,526	8,481
Financial charges	37	1,005	686
Office supplies and services	38	12,378	12,655
Total expenses		595,022	616,027
Other gains/(losses)			
Losses/ (gains) on foreign exchange transactions	39	1,016	1,887
Total expenses		596,038	617,913
Surplus for the year		61,614	119,708

The notes on pages 19 to 60 are an integral part of these financial statements.

AFRICAN UNION COMMISSION Chief of Staff Bureau of the Chairperson Addis Ababa Bureau du Président COMMISSION DE L'UNION AFRICAINE

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

	General fund	Reserve fund	Capital asset reserve	Total
	USD'000	**USD'000**	**USD'000**	**USD'000**
As at 1 January 2019	-	580,121	147,703	727,824
Transfer to Peace Fund	-	(195,000)	-	(195,000)
Other Movement on Reserve Fund	-	9,100	-	9,100
Surplus for the year	61,614	-	-	61,614
Depreciation transfer	4,831	-	(4,831)	-
Transfer of surplus to reserves	(61,614)	61,614	-	-
Transfer of capital reserve depreciation to reserves	(4,831)	4,831	-	-
Appropriation for the year	-	(18,559)	-	(18,559)
Balance at 31 December 2019	**-**	**442,107**	**142,872**	**584,979**

The notes on pages 19 to 60 are an integral part of these financial statements.

AFRICAN UNION COMMISSION
Bureau of the Chairperson
Chief of Staff
of the Chairperson
Bureau du Président
COMMISSION DE L'UNION AFRICAINE

CONSOLIDATED STATEMENT OF CASH FLOWS

	USD'000		USD'000
Cash flows from operating activities	**2019**		**2018**
Surplus/ (deficit) for the year	61,614		119,708
Adjustments for:			
Depreciation of property, plant and equipment	9,367		6,525
Provision for doubtful contribution	6,419		5,858
Movement in Reserve and Special Funds	30,484		131,856
Movement in Working Capital Fund	8,210		
Year-end appropriations	-18,559		19,205
Operating surplus/ (deficit) before working capital changes	97,535		283,153
Decrease / (increase) in:			
Long term recevables	-700		-448
Fixed Term Investments	-182,113		0
Advance payments to suppliers	-1,070		-5,458
Prepayments	-329		446
Short term receivables	1,763		-442
Inventories	193		-5
Receivable from member states	-3,323		-27,712
Receivables from partner funds	-15,392		15,212
Receivables from observer Missions and RECs	-4,478		-1,653
Intercompany suspense	-1,286		-4,633
Increase / (decrease) in:			
Accounts payables	-56,730		121,336
Payables to observer missions and RECs	4,372		-1,008
Accruals	-10,267		19,545
Provisions	4,664		4,220
Members states contributions received in advance	-1,680		4,593
Unexpended partner funds	7,459		3,430
Net cash (used)/ generated (in)/ from operating activities	-161,382		410,576
Cash flows from investing activities			
Purchase of property, plant and equipment	-50,885		-152,798
Intial Recognition/Disposal/Adjustmnet of PPE	23,199		-1,831
Net cash used in investing activities	-27,686		-154,629
Net increase/ (decrease) in cash and cash equivalents	-189,068		255,947
Cash and cash equivalents at 1 January	623,755		367,808
Cash and cash equivalents at 31 December	434,687		623,755

Cash and cash equivalents comprise cash and bank balances as well as short term investments.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Thematic Area	Original budget (A)	Final budget (B)	Actual expenditure (C)	Performance difference (US$) A-C	% Execution	Explanation reference
	US$'000	US$'000	US$'000	US$'000		
Advancing Continental Integration	14,413	14,925	4,629	10,316	31	a)
Consolidating Peace and Security	45,126	45,126	24,173	20,953	54	b)
Economic Transformation, Inclusive Growth and Environmental Sustainability	46,248	46,248	21,800	24,448	47	c)
Enhancing Africa's Role and Position in Global Context	6,039	6,039	3,047	2,992	50	d)
Flagship Projects of Agenda 2063	6,968	6,968	4,421	2,547	63	e)
Governance Human Rights and Institutions	10,588	18,798	9,242	9,556	49	f)
Institutional Reform and Renewal	4,197	5,711	3,579	2,133	63	g)
Investing in the African People	17,279	17,279	6,813	10,467	39	h)
Service Delivery, Capacity Development, Partnership and Outreach	24,323	26,837	13,089	13,747	49	i)
Organs Funded by Member States	40,756	40,756	3,252	37,504	8	j)
Peace Support Operations	273,269	218,961	215,731	3,230	79	
Total	**489,206**	**447,649**	**309,776**	**137,893**		
Reconciliation of difference with expense in statement of financial performance						
Depreciation			6,329			
Employee benefit			3,958			
Foreign exchange Loss			27,907			
Provision for Bad/Doubtful Debt			6,357			
Operational Budget			87,374			
Brought Forward			7,712			
Year End Appropriations			18,559			
Expenditures relating to Organs			87,339			
Expenditures relating to Regional Offices			10,702			
Expenditures relating to Liaison Offices			30,026			
Total Expense as per statement of Financial Performance			**596,039**			

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (continued)

Explanation of material differences

a) Most of the country missions planned to be undertaken to advocate for the ratification of various instruments and protocols were not carried out. This was due to change of the strategy of using the AU summit meetings during the February and July Summit to sensitize the Member States on the ratification of various instruments. However, some missions were never undertaken at all.

b) Peace and Security issues continued to evolve with reduction on required interventions to address peace and security matters. This is evidenced by the number of communiques issued by the Peace and Security Council. The scaling down of the activities was necessitated in order to take stock of progress in meeting the agenda for silencing guns by year 2020. This required to re-look at the interventions and activities carried out to day and re-design new interventions.

c) Most of the planned activities were deferred due to lack of sufficient funding. Most of the activities were approved with a GAP and the departments were unable to mobilize additional resources to fill in the GAP. In addition, some of the activities were carried out through technical assistance by support from various. This thematic area is hugely support through pass through funding modality.

d) The activities under this thematic area are mainly carried out by the BCP, CIDO and ECOSSOC. With the pre-occupation of the re-allocation of ECOSSOC to its host country and having the first bureau being inducted in 2019, this resulted into a decline in the implementation of various activities. This thematic area also had significant unfunded activities/projects.

e) The delay in ratification of some of the instruments affected the implementation of various activities including the INGA dam law, the Africa Commodity Strategy and the Blue Economy. In addition, this reduced performance is attributed to the peak performance of the AfCFTA flagship project where there was less activities. It is during this period that most AU Member States ratified the protocols establishing the AfCFTA.

f) The reduction in budget for the governance human rights and institutions was initially reduced to previous years' execution rate. However, the department secured additional funding towards the end of 2019 to carried out various activities. Unfortunately, most of the envisaged activities were not implemented due to delay in the approval and release of funds from the partners. During this period, most of activities relating to strengthening the EMBS in the Member States were reduced due to decline in requests for support from Member States.

g) In line with the various policy organ decisions and directives of the Chairperson, most of the activities relating to institution reforms were re-prioritized and the mandate to carry out the reforms transferred to the AU Reforms Unit. The Unit rationalized the planned activities and with the input of the 10 recruitment experts from the Member States developed their own activities which resulted in reduction in the expenditure.

h) Under this thematic area most of the activities relate to the running of the PAU. Of note is the resources provided to support the Africa Virtual University which has not yet been realized. In addition, the setting of the Earth and Space Science institute in South Africa was not achieved. This was mainly due to the delay in the development in the curriculum to teach space science and signing of the host agreement.

i) Most of these activities are mainly partner funded with the World Bank funding almost 60% of the budget. Unfortunately, the funds were released late and hence the expenditure was low.

j) This relates to expenditures that were incurred directly by the Commission on behalf of the organs. Substantial expenditures are reported in each of the organs financial statements which results to a higher budget performance. The overall budget for the organs is included here for comparability purposes and relates to Africa CDC, ACERWC, PSC, AUCIL, and ECOSSOC. These organs are functionally and administratively managed within the AU Commission.

k)
NOTES TO THE FINANCIAL STATEMENTS

1. General information

The African Union Commission is the Secretariat to the political structures of the African Union and is headed by the chairman H.E. Moussa Faki Mahamat from Chad. The Commission's functions, as set out in article 3 of the Commission Statutes, include:

- Representing the AU and defending its interests under the guidance of and as mandated by the Assembly and Executive Council;
- Initiating proposals to be submitted to the AU's organs as well as implementing decisions taken by them;
- Acting as the custodian of the AU Constitutive Act and all other OAU/AU legal instruments;
- Liaising closely with the AU organs to guide, support and monitor the AU's performance to ensure conformity and harmony with agreed policies, strategies, programmes and projects;
- Providing operational support for all AU organs;
- Assisting Member States in implementing the AU's programmes;
- Drafting AU common positions and coordinating Member States' actions in international negotiations;
- Managing the AU budget and resources;
- Elaborating, promoting, coordinating and harmonizing the AU's programmes and policies with those of the Regional Economic Communities (RECs);
- Ensuring gender mainstreaming in all AU programmes and activities; and
- Taking action, as delegated by the Assembly and Executive Council.

The African Union Commission is located in Addis Ababa, Ethiopia. It has offices across Africa and other countries in Europe and USA. The African Union consist of 55 African member states as at 31 December 2019. It was established on 26 May 2001 and launched on 9 July 2002 and is charged with spearheading Africa's rapid integration, prosperity and sustainable development by promoting political and economic unity, solidarity, cohesion and cooperation among the people of the Africa and African states, as well as developing partnership worldwide. The Inception of the AU marked a significant chapter in the history of the continent in that its vision and objectives focused very much on "people centered development" and a transformative agenda. The AU vision is to build an integrated, prosperous and peaceful Africa. An Africa driven and managed by its own citizens and representing a dynamic force in the international arena. The Objectives of the Union among others are to:

- Accelerate the political and socio-economic integration of the continent;
- Promote peace and security and stability on the continent;
- Promote democratic principles and institutions, popular participation and good governance;
- Promote sustainable development at the economic, social and cultural level;
- To work with relevant international partners in the eradication of preventable diseases and the promotion of good health on the continent; and
- Coordinate and harmonize the policies between the existing and future Regional Economic Communities for the gradual attainment of the objective of the Union.

The above objectives are guided by principles of the Constitutive Act, including the principle of gender equality and people centered values. African Union is made up of both political and administrative bodies. The highest decision making organ is the Assembly of the African Union made up of all the head of states or Government of Member States of the African Union. African Union has a representative body which is the Pan African Parliament which consist of 265 members elected by the national legislatures of the African Union member states.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. General information (continued)

Other political institutions of the African Union include:

- The Executive Council made up of foreign ministers of African Union Member States, which prepares decision for the Assembly;
- The Permanent Representative Committee, made up of the ambassadors to Addis Ababa of African Union member states;
- The Economic, Social and Cultural Council (ECOSOCC), a civil society consultative body; and
- Peace and Security Council, has 15 members elected on a regional basis by the Assembly to prevent, manage and resolve conflicts, post conflict peace building and developing common defense policies.

Significant efforts needed rests with Member States. Regional and Continental bodies such as Regional Economic Communities (RECs) and the African Union have an important facilitating role especially with respect to:

- Policy and strategy setting;
- Coordination and catalyzing socio economic and integration agenda;
- Consensus building and advocacy;
- Experience and information sharing; and
- Setting the framework and putting in place the enabling conditions necessary for peace, security, political stability and growth.

The African Union has over time adopted a number of important documents establishing norms at continent level, to supplement those already in force during its inception. These documents include, "The African Union Convention on Preventing and Combating Corruption (2003)", The African Charter on Democracy, Elections and Governance (2007), and the New Partnership for Africa's Development (AUDA/NEPAD). The 1980 Lagos Plan of Action for the Development of Africa and the 1991 treaty to establish the African Economic Community (also referred to the Abuja Treaty), proposed the creation of Regional Economic Communities (RECs) as a basis for African Integration, with timetable for regional and subsequent continental integration. Listed below are the current Regional Economic Communities:

- Community of Sahel-Saharan States (CEN-SAD)
- Common Market for Eastern and Southern Africa (COMESA)
- East African Community (EAC)
- Economic Community of Central African States (ECCAS)
- Economic Community of West African States (ECOWAS)
- Intergovernmental Authority on Development (IGAD)
- Southern African Development Community (SADC)
- Arab Maghreb Union (AMU)

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2. 1 Statement of compliance and basis of preparation

The qualitative characteristics of financial reporting are relevance, reliability, understandability and comparability. Preparation of the financial statements in accordance with the above requires management to make estimates that affect the reported amounts of certain items in the balance sheet and statement of financial performance, as well as the disclosures related to financial instruments and contingent assets and liabilities. In accordance with IPSAS 1 and AU Financial Rules and Regulations Article 71, a complete set of Financial statements has been prepared as follows:

- Statement of Financial Position;
- Statement of Financial Performance;
- Statement of Changes in Net Assets;
- Statement of Cash Flows;
- Statement of Comparison of Budget and Actual Expenditure; and
- Notes to the financial statements, a summary of significant accounting policies, and other explanatory notes supporting the financial statements.

The financial statements of the African Union have been prepared and submitted in line with the Financial Rules and Regulations of the African Union that were adopted by the Assembly of Heads of States of the African Union on 21-28 January 2014 in Addis Ababa, Ethiopia (EX.CL/802 (XXIV). The financial statements of African Union have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) and the AU Financial Rules and Regulations. The financial statements have been prepared on the basis of historical cost, except for certain donated property, plant and equipment and intangible assets where fair values were used as the deemed cost at the reporting date.

The financial statements have been prepared under the assumption that AU is a going-concern, will continue in operation, and will meet its mandate for the foreseeable future (IPSAS 1-Presentation of Financial statements). The overall accounting principles followed in preparing the financial statements still remain those rules that are laid down in the AU Financial Rules and Regulations.

Reporting entity

These financial statements cover the financial statements of the African Union Commission and the following Offices and Organs:

Permanent Representational Offices

No	Name	Headquarter
1.	Permanent Delegation to the League of Arab States	Cairo, Egypt
2.	African Union Southern Africa Region Office	Lilongwe, Malawi
3.	Permanent Mission to the European Union (EU) and African, Caribbean and Pacific (ACP) states	Brussels, Belgium
4.	AU Permanent Representative to the United Nations and World Trade Organization	Geneva, Switzerland
5.	AU Permanent Representative to the United States, Washington	United States of America
6.	AU Permanent Observer to the United Nations, New York	United States of America
7.	The AU Representation Office in China	Beijing, China

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies(continued)

Specialized Agencies and Regional Offices

	Name	Headquarter	Abbreviation
1.	Scientific, Technical and Research Commission	Abuja – Nigeria	STRC
2.	African Observatory of Science, Technology and Innovation	Malabo – Equatorial Guinea	AOSTI
3.	African Energy Commission	Algiers – Algeria	AFREC
4.	Inter-African Bureau for Animal Resources	Nairobi – Kenya	IBAR
5.	Inter-African Phytosanitary Council	Yaoundé – Cameroon	IAPSC
6.	Semi-Arid Food Grain Research and Development	Ouagadougou – Burkina Faso	SAFGRAD
7.	African Union International Centre for the Education of Girls and Women in Africa	Ouagadougou – Burkina Faso	AU CIEFFA
8.	Pan African Veterinary Vaccine Centre	Debrezeit – Ethiopia	PANVAC
9.	African Institute of Remittances	Nairobi, Kenya	AIR
10.	African Union Sports Council	Yaounde, Cameroon	AUSC
11.	Centre for Linguistic and Historical Studies by Oral Tradition	Niamey - Niger	CELTHO
12.	African Academy of Languages	Bamako – Mali	ACALAN
13.	African Centre for the Study and Research on Terrorism	Algiers - Algeria	ACSRT
14.	International Coordination Bureau for the Management of Fouta Djallon Mountains	Conakry - Guinea	AUBCI-FDH
15.	African Mechanism for Police Cooperation	Algiers - Algeria	(AFRIPOL)

Liaison Offices (Peace and Security)

	Name	Headquarter
1.	African Union Mission in Burundi and the Great Lakes	Bujumbura – Burundi
2.	African Union Liaison Office for CAR and Central Africa (MISAC)	Bangui- Central African Republic
3.	Multinational Joint Task Force (MNJTF)	Ndjamena, Chad
4.	African Union Liaison Office to Cote d'Ivoire	Abidjan - Côte d'Ivoire
5.	African Union Liaison Office to Guinea Bissau	Bissau - Guinea Bissau
6.	African Union Liaison Office to DRC	Kinshasa - DR Congo
7.	African Union Liaison Office to Liberia	Monrovia – Liberia
8.	African Union Liaison Office to Libya	Tunis – Tunisia
9.	African Union/Southern African Development Community (SADC) Liaison Office	Antananarivo – Madagascar
10	African Union Mission for Mali and Sahel Region (MISAHEL)	Bamako – Mali
11	African Union Liaison Office to Chad	N'Djamena – Chad
12	African Union Mission in Somalia (AMISOM)	Mogadishu – Somalia
13	African Union Liaison Office to South Sudan	Juba - South Sudan
14	African Union Liaison Office, Sudan	Khartoum – Sudan

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies(continued)

Pan African Universities (PAUs)

	Name	Headquarter	Abbreviation
1.	PAU Rectorate, PAU HQ	Yaoundé – Cameroon	
2.	The Institute for Basic Sciences, Technology and Innovation, hosted by the Jomo Kenyatta University of Agriculture and Technology (Eastern Africa)	Nairobi, Kenya	PAUSTI
3.	The Institute for Life and Earth Sciences including Health and Agriculture, hosted by the University of Ibadan(Western Africa);	Ibadan, Nigeria	PAULESI
4.	The Institute for Governance, Humanities and Social Sciences hosted by the University of Yaounde II (Central Africa);	Yaoundé – Cameroon	PAUGHSS
5.	The Institute for Water and Energy Sciences, including Climate Change hosted by the University of Tlemcen (Northern Africa);	Tlemcen in Algeria	PAUWES
6.	The Institute for Space Sciences to be hosted by the Cape Peninsula University of Technology with seven (7) south African Universities (Southern Africa).(not operational yet)	South Africa	PAUSS

AU Organs

	Name	Headquarter
1.	Pan African Parliament(PAP)	Midrand, South Africa
2.	New Partnership for Africa Development (AUDA/NEPAD)	Midrand, South Africa
3.	African Commission on Human and Peoples' Rights (ACHPR)	Banjul, Gambia
4.	African Court on Human and Peoples' Rights (AfCHPR)	Arusha, Tanzania
5.	African Union Advisory Board on Corruption (AUABC)	Arusha, Tanzania
6.	African Peer Review Mechanism (APRM)	Midrand, South Africa

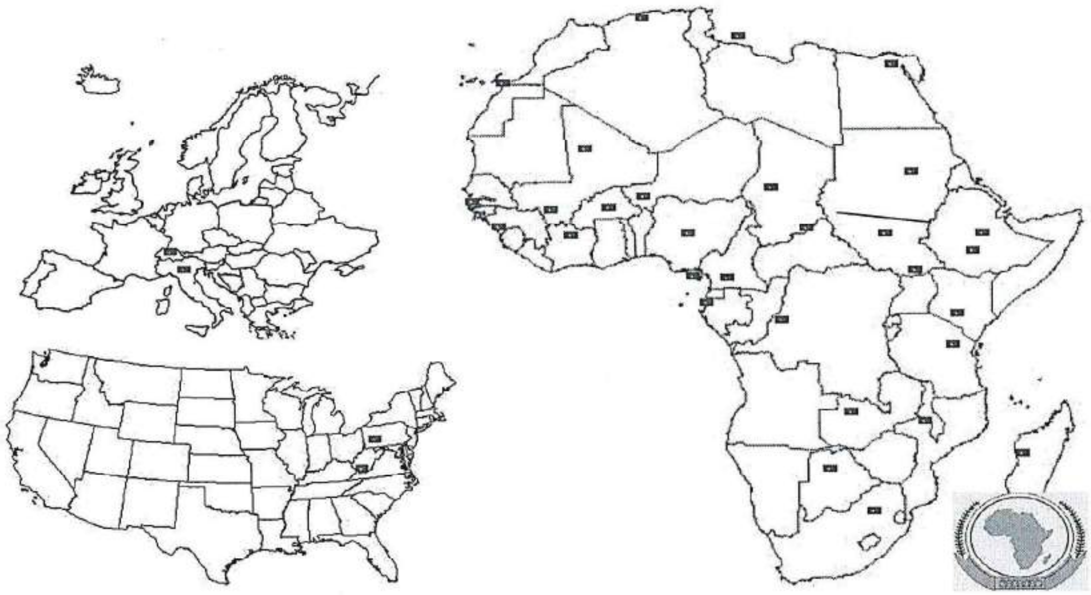
The following offices are currently located at the AUC Headquarters therefore their expenses are reflected as part of AUC Headquarters expenses at the reporting date. The financial transactions relating to these Offices will be presented separately when they start to operate independently.

Name	Headquarter	Abbreviation
Pan African Institute for Education for Development	Kinshasa- Congo	IPED
Africa Centre for Disease Control and Prevention	Addis Ababa – Ethiopia	ACDC
The African Committee of Experts on the Rights and Welfare of the Child	Addis Ababa – Ethiopia	ACREWEC
African Union Commission on Int. Law	Addis Ababa – Ethiopia	AUCIL
The Economic, Cultural and Social Council	Addis Ababa – Ethiopia	ECOSOCC

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies(continued)

The AU representative and autonomous offices mentioned above have been represented in the next map.



Summary of significant accounting policies (continued)

2.2 Changes in accounting policy and disclosures

a. New standard and amendments adopted by African Union

IPSAS 39, Employee Benefits

The African Union Commission did not adopt any new standard and amendments for the year ended 31 December 2019.

The African Union did not adopt any new standard and amendments for the year ended 31 December 2019.

b. Standards issued but not yet effective

IPSAS 41, Financial Instruments

IPSAS 41, Financial Instruments, establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29, Financial Instruments: Recognition and Measurement. The International Public Sector Standards Board approved IPSAS 41, Financial Instruments, in June 2018 and issued in August 2018.

IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

- Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;
- Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and
- Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

The standard is effective 1 January 2022. Although early adoption is permitted, the Union did not apply this standard in 2018. The standard was amended in 2019 to include the classification requirements, so that particular financial assets with prepayment features that may result in reasonable negative compensation for the early termination of the contract are eligible to be measured at amortized cost or at fair value through net assets/equity.

Having completed its initial assessment for measurement under IPSAS 41, the Union concluded that except for the change in measurement basis of these financial assets and liabilities, there are no material change that will affect its financial statements.

IPSAS 42, Social Benefits

IPSAS 42, Social Benefits was issued in January 2019 to define social benefits and determine when expenses and liabilities for social benefits are recognized and how they are measured. This Standard is effective for period beginning on or after 1 January 2022. The provisions of the standard is not applicable to the African Union Commission in this reporting date.

2.3 Foreign currency

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollar (USD) which is the Organization's functional currency.

(b) Transactions and balances

Summary of significant accounting policies (continued)

Property, Plant and Equipment

Property, plant and equipment and tangible assets, retain their value in US dollars at the rate that applied at the date when they were purchased.

Other transactions

Foreign currency transactions are translated into US dollars using the exchange rate prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transaction and from the retranslation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of financial performance.

Year end balances

Year end balances of monetary assets and liabilities denominated in foreign currencies are converted into US Dollar on the basis of the exchange rate applying as at the year end.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in surplus or deficit within 'financial charges'.

2.4 Property, plant and equipment

Property, plant and equipment is measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition, construction, or transfer of the items. The cost of an item of property plant and equipment is recognized only when it is probable that future economic benefit or service potential associated with the item will flow to the Union, and if the item's cost or fair value can be measured reliably.

Donated property, plant and equipment are recognized as an asset at fair market value or at a reasonable proxy of market value at the date of acquisition.

Assets under construction (Work in progress) are carried at cost less any recognized impairment loss. Cost includes professional fees and other costs directly attributable to the completion of the assets. Assets under construction (Work in Progress) are not depreciated as these assets are not yet available for use.

Property, plant and equipment with a value greater than USD 3,000 are recognized as non-current assets in the Statement of Financial Position. Self-constructed asset is subject to a capitalization threshold of USD 30,000. Assets below this threshold are referred to as low value assets and they are expensed upon purchase. (As per African Union PPE policy).

Subsequent to initial recognition, property, plant and equipment is stated at historical cost, less accumulated depreciation and any impairment losses. The Union considers all Property Plant and Equipment to be non-cash generating.

Depreciation is calculated on a straight-line basis over the asset's useful life except for land and assets under construction which are not subject to depreciation. Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful life using the straight-line method, based on the following rates:

Asset category	Useful life in years	%
Land	Infinite	-
Assets under construction (work in progress)	Infinite	-
Buildings	50	2
Infrastructure assets	50	2
Printing and publishing equipment	20	5
Heavy wheeled vehicle and engineering support equipment	12	8.33
Specialized vehicles, trailers and attachments	12	8.33
Heavy engineering and construction equipment	12	8.33

Asset category	Useful life in years	%
Furniture	10	10
Conference equipment	8	12.5
Buildings- temporary and mobile	7	14.29
Communications equipment	7	14.29
Audi Visual equipment	7	14.29
Security and safety equipment	7	14.29
Fixtures and fittings	7	14.29
Water treatment and fuel distribution equipment	7	14.29
Light wheeled vehicles	6	16.67
Transportation equipment	5	20
Generator	5	20
Medical equipment	5	20
Fixtures and fittings short lease	5	20
Light engineering and construction equipment	5	20
Minor construction works	5	20
IT equipment	4	25
Office equipment	4	25

Depreciation is treated as an expense and charged against revenue in the statement of financial performance.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Gains or losses on disposal are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and would be included in the statement of financial performance.

2.5 Heritage assets

The Union describes assets such as historical buildings and monuments, archaeological sites, conservation areas and nature reserves and works of art as heritage assets. Certain characteristics, including the following, are often displayed by heritage assets:

- Their value in cultural, environmental, educational and historical terms is unlikely to be fully reflected in a financial value based purely on a market price;
- Legal and/or statutory obligations may impose prohibitions or severe restrictions on disposal by sale;
- They are often irreplaceable and their value may increase over time even if their physical condition deteriorates; and
- It may be difficult to estimate their useful lives, which in some cases could be several hundred years.

The Union discloses but does not recognize heritage assets that would otherwise meet the definition of and recognition criteria for property, plant and equipment.

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2. Summary of significant accounting policies (continued)

2.6 Intangible assets

Intangible assets are resources without physical substance controlled by an entity. Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their face value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. AU considers the cost threshold as listed below during recognition of intangible assets:

Externally acquired Intangibles

- Commercial-off-the-shelf software - USD 5,000
- Other intangibles acquired separately (other Licenses & Rights) - USD 1,000

Internally Developed intangibles

- Custom developed software - USD 10,000
- Copyrights - USD 10,000

Where intangible asset is acquired at no cost (as gift, contribution, or donation) or for a nominal cost, the fair value of the asset as at the date of acquisition is used. For internally developed intangible assets, all research cost is charged to expense when incurred. Development costs are capitalized only after technical feasibility has been established, and the future economic benefits or service potential has been demonstrated.

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite life is amortized over its useful life:

Software-3 years

Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the asset may be impaired. The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at the end of each reporting period. Changes in the expected useful life or the expected useful life or the expected pattern of consumption of future economic benefit embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in surplus or deficit at the expense category that is consistent with the nature of the intangible asset.

Intangible assets with indefinite useful lives are not amortized. The useful lives of intangible assets with indefinite useful lives are reviewed at each reporting period to determine whether events and circumstances continue to support their indefinite useful life assessment. Where they do not, the change in the useful life assessment from indefinite to finite are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the surplus or deficit when the asset is derecognized.

Research and development costs

The AU expenses research costs incurred. Development costs on projects are recognized as intangible assets when the union and its related entities can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits or service potential;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

2. Summary of significant accounting policies (continued)

2.6 Intangible assets (continued)

Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in statement of financial performance.

Internally generated goodwill

Internally generated goodwill including internally generated brands, mastheads, publishing titles, lists of users of a service and items similar in substance are not recognized as an asset because it is not an identifiable resource controlled by the Union that can be measured reliably at cost.

2.7 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use of the asset.

(a) African Union as a lessee

i. Finance leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Union. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Union also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in statement of financial performance. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Union will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

ii. Operating leases

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Union. Operating lease payments are recognized as an operating expense in statement of financial performance on a straight-line basis over the lease term.

(b) African Union as a lessor

(i) Finance leases

Assets leased to customers under agreements, which transfer substantially all the risks, and rewards of ownership, with or without ultimate legal title, are classified as finance leases. When assets are held subject to a finance lease, the present value of the lease payments, discounted at the rate of interest implicit in the lease, is recognised as a receivable. The difference between the total payments receivable under the lease and the present value of the receivable is recognised as unearned finance income, which is allocated to accounting periods under the pre-tax net investment method to reflect a constant periodic rate of return.

2. Summary of significant accounting policies (continued)

2.7 Leases (continued)

(ii) Operating leases

Assets leased to customers under agreements, which do not transfer substantially all the risks and rewards of ownership, are classified as operating leases. The leased assets are included within property, plant and equipment on the statement of financial position and depreciation is provided on the depreciable amount of these assets on a systematic basis over their estimated useful lives. Lease income is recognised on a straight line basis over the period of the lease in statement of financial performance unless another systematic basis is more appropriate.

2.8 Impairment of non-financial assets

Property, plant and equipment and intangible assets held by the Union are considered to be non-cash generating assets as they are not held with the primary objective of generating a commercial return. For non-cash-generating assets, the Union assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, an estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash-generating asset's fair value less costs to sell and its value in use. Impairment losses are recognized immediately in surplus or deficit. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable service amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in statement of financial performance.

2.9 Receivables and recoverable

AU financial rules and regulations requires a separate presentation of exchange and non-exchange transactions in accordance with IPSAS. For the purpose of this financial statements, receivables are defined as stemming from exchange transactions and recoverables are defined as stemming from non-exchange transactions.

Receivables from exchange transactions meet the definition of financial instruments and are thus classified as loans and receivables and measured accordingly. Receivable from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that AU will not be able to collect all amounts due according to the original terms.

Recoverables from non-exchange transactions are carried at original amount less write-down for impairment. A write-down for impairment of recoverables from non-exchange transactions is established when there is objective evidence that the Union will not be able to collect all amounts due according to the original terms of recoverables from non-exchange transactions. The amount of the write-down is the difference between the asset's carrying amount and the recoverable amount. The amount of the write-down is recognised in the statement of financial performance. A general write-down, based on past experience, is also made for outstanding recovery orders not already subject to a specific write-down.

Amounts disclosed as recoverables from non-exchanges transactions are not financial instruments as they do not arise from a contract that would give rise to a financial liability or equity instrument. However, in the notes to the financial statements, recoverables from non-exchange transactions are disclosed together with receivables from exchange transactions where appropriate. Receivables and recoverables are classified as current assets if payment is due within one year or less. If not, they are presented as non-current assets.

2 Summary of significant accounting policies (continued)

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various banks at the end of the financial year. Cash and cash equivalents are financial instruments and classified by the Union as loans and receivables.

2.11 Inventories

The Union recognizes stationery and office supplies, medicines products and supplies, military products and supplies, information technology materials and accessories, maintenance materials and printing plants materials as part of its inventories. Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

After initial recognition, inventory is measured at the lower of cost and net realizable value. Inventories held for use or distribution at no/ nominal charge is measured at lower of cost or current replacement cost. Inventories held for sale will be measured at lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Union. Inventories at the end of the financial year are valued using weighted average method.

2.12 Accounts payable

A significant amount of the accounts payables by the Union are not related to the purchase of goods or services (exchange transactions). Instead they are unpaid cost claims from troops contributing countries for peace support operations. They are recorded as payables when a formal and verified request has been received. Upon verification and acceptance of the eligible costs, the payables are valued at the accepted and eligible amount and recognized as accounts payable in the financial statements.

Payables arising from the purchase of goods and services are recognized when goods are received and a goods received notes (GRN) is issued at reception for the original amount and corresponding expenses are entered in the accounts when the supplies or services are delivered and accepted by the union in accordance with the delivery principles. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Accounts payable are recognized at fair value.

2.13 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Initial recognition of financial instruments

The Union will recognize a financial asset or a financial liability on its statement of financial position when it becomes party to the contractual provisions of the underlying financial instrument and as a consequence, has a legal right to receive or a legal obligation to pay cash. Management determines the classification of financial assets at initial recognition. The Union uses trade date accounting for regular way contracts when recording financial asset transactions.

2.13 Financial instruments(continued)

a. Initial recognition of financial instruments(continued)

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. Except for short term receivables and payables, all financial instruments are measured initially at their fair value plus, in the case of financial assets and financial liabilities not at fair value through surplus or deficits, any directly attributable to the acquisition or issue of the financial asset of financial liability.

b. Financial assets

Financial assets are recognized at fair value and subsequently classified as loans and receivables, held to maturity investments, available for sale financial assets or financial assets at fair value through surplus or deficit.

(i) Classification

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. The Union classifies its financial assets in the following categories:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Union provides money, goods or services directly to a debtor with no intention of trading the receivable, Payments due within 12 months of the balance sheet date are classified as current assets. Payments due after 12 months from the balance sheet date are classified as non-current assets. Loans and receivables include term deposits with the original maturity above three months. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Union has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the Union. Assets in this category are classified as current assets if they are expected to be realized within 12 months of the balance sheet date.

Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are classified as either current or non-current assets, depending on the period of time the Union expects to hold them, which is usually the maturity date.

2.13. Financial instruments (continued)

b. Financial assets(continued)

(ii) Derecognition

AU derecognizes financial asset from its statement of financial position when the contractual rights to the cash flows from the financial asset expire (usually in the case of contribution and account receivable, when payment has been received), or when it transfers the financial asset, with substantially all the risks and rewards of ownership, to another party. The Union will remove a financial liability, or part of a financial liability, from its statement of financial position when it is extinguished.

(iii) Impairment of financial assets

Assets carried at amortized cost

The Union assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Where there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in statement of financial performance. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed and the amount of the reversal is recognized in statement of financial performance.

Assets carried at fair value

In the case of equity investments classified as available for sale financial assets, a significant or permanent (prolonged) decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the statement of financial performance – is removed from reserves and recognized in the statement of financial performance. Impairment losses recognized in the statement of financial performance on equity instruments are not reversed through the statement of financial performance. If, in a subsequent period, the fair value of a debt instrument classified as available for sale financial asset increases and the increase can be objectively related to an event occurring after the impairment loss was recognized, the impairment loss is reversed through the statement of financial performance.

Reversals of impairment of equity shares are not recognized in statement of financial performance. Increases in the fair value of equity shares after impairment are recognized directly in equity.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as all other financial assets. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of Interest Income. Reversals of impairment of debt securities are recognized in the statement of financial performance if in a subsequent year, the fair value of the debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in statement of financial performance.

2 Summary of significant accounting policies (continued)

2.13 Financial instruments (continued)

(c) Financial liability

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or other financial liabilities at amortized cost. The Union determines the classification of its financial liabilities at initial recognition.

(i) Classification

The Union's financial liabilities represent mainly payable to suppliers and other liabilities. Such financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. Gains and losses are recognized in statement of financial performance when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

(ii) Derecognition

A financial liability is derecognized by the Union when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in statement of financial performance.

(iii) Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial instruments is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions. For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the reporting dates.

The Union uses widely recognized valuation models for determining fair values of non-standardized financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Union holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk. Based on the established fair value model governance policies, related controls and procedures applied, the directors believe that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments. In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried

2 Summary of significant accounting policies (continued)

2.13 Financial instruments (continued)

at cost less impairment. The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

(iv) Offsetting financial instruments

Netting, where financial assets and liabilities are offset and the net amount reported in the statement of financial position, occurs if, and only if, there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize an asset and settle the liability simultaneously. In many cases, even though master netting agreements are in place, the lack of an intention to settle on a net basis results in the related assets and liabilities being presented gross in the statement of financial position.

2.14 Provisions and contingent liabilities/ assets

(a) Provisions

Provisions are recognized when the Union has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are recognized for future liabilities and charges.

(b) Contingent liabilities

AU does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

(c) Contingent assets

The Union does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the AU in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

2.15 Fund accounting

A fund is a self-balancing accounting system established to account for the transactions of a specified purpose or objective. Funds are segregated for the purpose of conducting specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The financial statements have adopted the principle of fund accounting for designated funds, showing at the end of the period the consolidated position of all funds. Fund balances represent the accumulated residual of revenue and expenses. The Fund comprises, General Fund, Reserve Fund, Working Capital Fund, Peace Fund, Peace Revolving Trust Fund and Special Funds.

(a) General Fund

The following categories of accounts shall be maintained in this fund:

(a) Annual contributions paid by the Member States.

(b) Advances from the Working Capital Fund.

2 Summary of significant accounting policies (continued)
2.15 Fund accounting (continued)

(c) Transfers from the Reserve Fund.

(b) Working Capital Fund

This has been established as per article 24 of the AU Financial Rules and Regulations. A Working Capital fund is established out of the reserve fund of the AU to provide advances necessary to meet commitment pending receipt of contributions due from Member States and to provide advances necessary to meet commitment and unforeseen or extraordinary Expenses arising from implementation of resolution and decisions adopted by the Executive Council or the Assembly. The proportion and ceiling of the Working Capital Fund must be at least one month of the Operational Budget of the AU.

(c) Reserve Fund

This has been established as per Article 25 of the AU Financial Rules and Regulations, where any unutilized funds or surplus shall be recorded. It shall be utilized in accordance with a decision of the PRC for urgent or unforeseen Expenses. The minimum balance in the Reserve Fund shall be at least three months' operating budget requirement of the AU. Where the Reserve Fund is more than three months' operating budget requirement, any supplementary budget that has been approved by the Assembly shall first draw its funds from the Reserve Fund up to the extent that the balance is not less than the threshold stated in above. When the funds in the Reserve Fund float exceed three months' operating budget requirement, any excess funds shall be invested according to Article 49-53 of the Rules and Regulations.

(d) Special Funds

This has been established as per Article 26 of the AU Financial Rules and Regulations for specific purposes so as to further the objectives of the AU. These represent funds operated by AU for special purposes. These funds are kept were the Accounting Officer accepts on behalf of the AU gifts, legacies, voluntary contributions and donations made to the AU, from development partners for established special funds. Monetary donations which are not made for specific purposes, i.e. unrestricted in use, shall be considered as miscellaneous revenue and credited to the General Fund. The amounts are appropriated from the Budget every year to be used for special purposes. Accumulated balances thereof are carried forward to be used in the next periods.

(e) Peace Fund

The Peace Fund is established to provide the financial resources for Peace Support Operations. The Peace Fund is made up of:

(a) Appropriations from regular the regular budget of the AU, based on a percentage of the amount of the operational budget, to be recommended by the Peace and Security Council.
(b) Voluntary contributions from Member States and other resources.
(c) Money from fundraising mechanisms.

(f) Peace Revolving Trust Fund

The Peace Revolving Fund is a cash flow mechanism to:

(a) Ensure rapid response of the AU during the start-up-phase of new peacekeeping operations.
(b) Fund expansion of exactly of existing peace support opportunities.
(c) Meet any unforeseen and extraordinary expense requirements to peacekeeping operations.

Statutory contributions by Member States are due 1st of January of the financial year. Specific provisions are made for all known long outstanding contributions receivables from Member States,

2 Summary of significant accounting policies (continued)

2.16 Revenue

AU's revenue consists of both revenues from non-exchange and exchange transactions. Revenue is recognized when the amount of revenue can be reliably measured; it is probable that the economic benefits associated with the transaction will flow to the entity; and specific criteria have been met for each of the AU's activities. Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized on an accrual basis in the period in which it accrues.

(a) Revenue from non-exchange transactions

Revenue from non-exchange transactions consists of Member States assessed contributions, voluntary contributions and partner funds.

(i) Member States Assessed contributions

In accordance with IPSAS requirements reflecting the nature of the Union's business, revenue from assessed contributions of member states is recognized as non-exchange transactions as per IPSAS 23 (Revenue from non-exchange transactions). Revenue is recognized at the beginning of each year when the Union assess Member States contributions and sends out a call for funds to the Member States claiming their contribution. They are measured at their "called amount".

(ii) Voluntary contributions

Revenue from voluntary contributions is recognized upon the signing of a binding agreement between the Union and the third-party providing the contribution. Voluntary contributions without restrictions are treated as non-exchange transactions. Voluntary contributions that include restrictions on their use, are initially treated as unexpended Grant and then recognized as revenue when the restrictions are satisfied. The Union considers that while there are restrictions on the use of contributions, these restrictions do not constitute conditions on transferred assets as defined under IPSAS 23.

(iii) Partner funds

The Union receives funds from various development partners to fund specific programmes. Funds from these partners are recognized as a current liability in the statement of financial position (unexpended partner funds). Revenue is realized in the statement of financial performance upon expending the partner funds. Revenue is recognised upon receipt of the funds into the specified bank account or upon fulfilment of the requirements agreed on, in writing with the development partners in respect of the inflow. Asset is only recognised when it is probable that the future economic benefits or service potential associated with the asset will flow to the Union or its related entities and the fair value of the asset can be measured reliably.

Where there are conditions attached that give rise to a liability to repay any unspent amount, deferred revenue is recognised up to the point where the revenue criterion is met. Expenses incurred are recognised as revenue to the extent that these costs reflect services to the statement of financial performance in the year that the eligible cost is incurred. Where the Union receives resources before a transfer arrangement becomes binding, the resources are recognized as an asset when they meet the definition of an asset and satisfy the criteria for recognition as an asset. The Union also recognise an advance receipt liability if the transfer arrangement is not yet binding. Advance receipts in respect of transfers are not fundamentally different from other advance receipts, so the Union recognise liability until the event which makes the transfer arrangement binding occurs and all other conditions under the agreement are fulfilled. When that event occurs and all other conditions under the agreement are fulfilled, the liability is discharged and revenue is recognised. In a case where pre-financing is permitted by the funding (binding) agreement entered between the Union and the development partner, owing funds from the partner(s) at the end of the reporting period are recognized as partner funds receivable.

2 Summary of significant accounting policies (continued)

2.16 Revenue (continued)

(iv) Revenue from other non-exchange transactions

Revenue from other non-exchange transactions comprises donation in cash or in-kind by organisations and individuals.

Cash donations are recognised when received into the Union's designated bank account while in-kind donations are recognised as revenue and assets when it is probable that future economic benefits or service potential associated with the donation will flow to the Union and the fair value can be measured reliably.

Donation in-kind are recognized as assets when the goods are received, or there is a binding arrangement to receive the goods. If donation in-kind are received without conditions attached, revenue is recognized immediately. If conditions are attached, a liability is recognized and revenue recognized as the conditions are satisfied.

AU does not recognise but discloses services in kind in the financial statements.

(b) Revenue from exchange transactions

Revenue from exchange transactions include interest income, sale of assets, income from the Union's clinic at the HQ, rental income and such related other income. Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period. Revenue from the use of the Union's facilities and other income is recognized as revenue when earned.

2.17 Expenses

Expenses are decreases in economic benefits or service potential during the financial year in the form of outflows, consumption of assets, or increases of liabilities that results in decreases in net assets. Expenses are recognized when the transaction or event causing the expense occurs.

2.18 Employee benefits

(a) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. It includes wages and salaries (including non-monetary benefits) and accumulated annual leave, which are recognized in surplus or deficit during the period in which the employee rendered the related services, and are generally expected to be settled within 12 months of the reporting date. The liabilities for these short-term benefits are measured at the amounts expected to be paid when the liabilities are settled.

(b) Post-employment benefits

(i) Defined contribution plan

Defined contribution plan is a pension plan under which the Union pays fixed contributions to a scheme. The Union recognizes post-employment benefits for long-term staff through a defined contribution plan and money is kept in Chase bank. AU has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The defined contribution scheme is operated for all staff except for short term staff.

2 Summary of significant accounting policies (continued)

2.18 b.i. Employee benefits (continued)

Obligations for contributions to defined contribution plans are recognised as an expense in statement of financial performance when they are due.

For short-term staff, contribution towards their pension at the official rate is paid as part of their monthly salaries. The short –term employee benefit is recognized by way of provision for known obligations toward staff.

(c) Termination benefits

Termination benefits are recognised as an expense when it is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Union has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

2.19 Taxation

AU is exempted from the payment of taxes. AU international employees are also exempt for items imported from abroad and have duty free privileges in the duty free shop.

2.20 Segment reporting

As required under IPSAS 18, when activities conducted by an organization are broad and encompass a wide range of different geographical regions, with different social economic characteristics it is necessary to report disaggregated financial and non-financial information about particular segments to provide relevant information for accountability and decision making. The two types of segments reported are referred to as service segments or geographical segments. These terms have the following meaning:

Service segment refer to a distinguishable component of an entity engaged in providing related services or achieving particular operating objectives consistent with its overall mission;

A geographical segment is a distinguishable component of an entity engaged in providing related services or achieving particular operating objectives with a particular geographical area. The Union undertakes segment reporting based on the service segments and sources of financing.

Service segments are reported in appendix 1 to the financial statements.

2.21 Statement of Cash Flow

The cash flow statement is prepared using the indirect method permitted under IPSAS 2. This means that the actual result for the financial year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing cash flows.

Cash flows arising from transactions in a foreign currency are recorded in the AU's reporting currency (USD), by applying to the foreign currency amount the exchange rate between the USD and the foreign currency at the date of the cash flow. The cash flow statement reports cash flows during the period classified by operating and investing activities and the financing activities.

3. Critical accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in the next page.

(a) Impairment of non-financial assets

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change, which may then impact management's estimations and require a material adjustment to the carrying value of tangible assets. The Union reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Cash-generating assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates of expected future cash flows are prepared for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

The Union reviews and tests the carrying value of non-cash-generating assets when events or changes in circumstances suggest that there may be a reduction in the future service potential that can reasonably be expected to be derived from the asset. Where indicators of possible impairment are present, the union undertakes impairment tests, which require the determination of the fair value of the asset and its recoverable service amount. The estimation of these inputs into the calculation relies on the use estimates and assumptions. Any subsequent changes to the factors supporting these estimates and assumptions may have an impact on the reported carrying amount of the related asset.

(b) Valuation of property, plant and equipment and intangible assets

Fair value of certain property, plant and equipment and intangible assets were used as deemed cost for the preparation of the financial statements. Fair valuation of these assets requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts. The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgment about carrying values of assets that are not readily apparent from other sources. Any subsequent changes to the factors supporting these estimates and assumptions may have an impact on the reported carrying amount of the related asset.

(c) Useful lives and residual values

Critical estimates are made by the Management in determining depreciation rates for property, plant and equipment. The rates used are set out in note 2.4. The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Union;
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- The nature of the processes in which the asset is deployed;
- Availability of funding to replace the asset;
- Changes in the market in relation to the asset.

Changes in these factors could affect the reported amount.

3. Critical accounting judgments, estimates and assumptions (continued)

(d) Provisions

Provisions are raised and management determine an estimate based on the information available. During the current reporting period, provisions relating to death and disability and doubtful debts were made and have been reported in the financial statements. Changes in the assumptions made by Management about these factors could affect the reported amounts.

(e) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4. Financial risk management

The Union's activities involve taking on risks in a targeted manner and managing them professionally. The core functions of the Union's risk management are to identify all key risks, measure these risks, manage the risk positions and determine resource allocations. The Accounting Officer has overall responsibility for the establishment and oversight of the risk management policy. The PBFA is responsible for risk management and report to the Accounting Officer. PBFA regularly reviews its risk management policies and systems to reflect best practice. Risk management is also carried out by the various departments and offices of the AU under policies approved by the Executive Council. The Union's aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects on its financial performance. Through its risk management structure, the Union seeks to manage efficiently the core risks which affects its operations. The specific risk areas covering financial management which have been identified as requiring adequate monitoring and assessment include:

• Credit risk	• Operational risk
• Liquidity risk	• Human resource risk
• Market risk	• Reputation risk

(a) Credit risk

Credit risk is the risk of financial loss to the Union if member states, development partners or counterparties to financial instruments fail to meet their contractual obligations, and it arises principally from cash and cash equivalents, investments, accounts receivable and recoverable from the member states assessed contribution and partner funds. AU manages its credit risk by ensuring that it transacts with reputable well-established financial institutions and constantly follows up on its receivables for payments to be made. The Union's maximum exposure to credit risk at the end of the reporting date is as follows:

	2019	2018
	USD'000	USD'000
Cash and cash equivalents	434,495	623,565
Short term investments	192	190
Short term receivables	16,810	18,573
Receivables from the Member States	163,678	160,355
Receivables from partner funds	29,547	14,155
Long-term recevables	5,361	4,662
	650,083	821,500

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Financial risk management (continued)

The Union has no credit risk exposures relating to off balance sheet items. Based on the credit history of the accounts receivable, it is expected that the amounts will be received.

(b)Liquidity

Liquidity risk is the risk that the Union will not be able to meet its financial obligations as they fall due. The Union manages liquidity risk by maintaining adequate cash reserves. In addition, the Union's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets required to meet these obligations, monitoring balance sheet liquidity ratios against best practice, internal and external regulatory requirements and maintaining debt financing plans.

The table below presents the amounts payable by the Union under non-derivative financial liabilities.

	2019	2018
	USD'000	USD'000
Accounts payable	122,661	181,385
Accrual and provisions	108,645	114,249
	231,306	295,634

Assets held for managing liquidity risk

AU holds a diversified portfolio of liquid assets to support the payment of obligations when they fall due. The Union's assets held for managing liquidity risk comprise cash and balances and short term investments.

(c) Market risk

The Union's is exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices. The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimizing the return on risk. The Director of PBFA is responsible for the development of detailed risk management policies and for day-to-day implementation of those policies. Market risk comprises foreign exchange risk, interest rate risks and price risk.

(i) Foreign exchange risk

The AU receives grants and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, Ethiopian Birr (ETB) and Great Britain Pound (GBP). Foreign exchange risk arises from funds in accounts and cash at hand denominated in other than the USD; especially on observer missions and Peace, Security and Democracy missions.

The table below summarizes the effect on surplus, had the USD weakened/strengthened by 10% against each currency held, with all variables held constant. (the analysis is only on the major currencies)

4. Financial risk management (continued)

	CHF	ETB	EUR	GBP	KES	RMB	XOF
Balance on Cash and Bank	125	2,148	114,334	475	296	150	634
10%	13	215	11,433	47	30	15	63

(ii) Interest rate risk

Interest rate risk is the exposure of current and future earnings to adverse changes in the level of interest rates. AU's interest rate risk arises from interest on short term investments and deposits held with commercial banks. The revenue generated from short term investments and call deposits at the reporting period and the prior period is minimal for any change in interest rates to have material impact on the financial performance of the Union.

(iii) Price risk

AU does not hold any financial instrument subject to price risk.

(iv) Fair value hierarchy

IPSAS 29 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect market assumptions. These two types of inputs have created the following fair value hierarchy:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities.
- **Level 2** – Inputs are quoted prices for the asset or liability, (other than those included in Level 1) that are observable either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3** – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. AU considers relevant and observable market prices in its valuations where possible.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Property, plant and equipment

	Land	Building	Computer and Accessories	Vehicles	Equipment	Furniture	Generator	Infrastructure Assets	Total
Cost									
balance at 1 January 2019	367 014	121 498	6 410	9 963	7 516	2 044	1 364	74 252	590 061
Initial recognition/Reclassification adj						(803)		(26 471)	(27 274)
Additions	1 822	34 056	2 015	987	4 070	238	1 275	5 487	49 950
Disposals									-
At 31 December 2019	368 836	155 554	8 425	10 950	11 586	1 479	2 639	53 268	612 737
Accumulated Depreciation									
balance at 1 January 2019	-	14 896	4 893	6 469	5 124	1 494	757	2 466	36 099
Initial recognition/Reclassification adj						(879)		(2 409)	(3 288)
Depreciation for the year	-	820	962	1 619	1 131	123	1 249	1 624	7 528
Disposals	-								-
At 31 December 2019	-	15 716	5 855	8 088	6 255	738	2 006	1 681	40 339
Net Book Value									
At 31 December 2019	368 836	139 838	2 570	2 862	5 3331	741	633	51 587	572 398
At 31 December 2018	367 014	106 678	1 518	3 419	2 392	549	607	71 785	553 962

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Property, plant and equipment (continued)

5.1 Restrictions on titles

All lands of African Union donated by Member States are designated as national interest land and may not be sold or transferred to a third party without the approval of the Assembly and Member States concerned.

No property, plant and equipment of AU has been pledged as securities for liabilities at the reporting date.

5.2 Properties not included in the financial statements

The control and ownership status of the following properties were not established at the reporting date therefore the values of these properties were not included in 2019 financial statements. AUC is following up with the various offices to get title deed.

No	Description of Property	Location	Land Area	Built Up Area	Land	Buildings
			(Sq. Mt.)	(Sq. Mt.)		
1	CLB	Douala, Cameroon	93,450	1,203.92	32,520,600	695,461
2	CELTHO	Niamey, Niger	3,789	915.34	985,140	197,748
3	1A and 1B, Kuramo Close	Ikoyi, Lagos	2,855.39	436.42	2,776,067	19,375
4	32, Oyinkan Abayomi Drive	Ikoyi, Lagos	3,053.87	365.88	3,393,185	14,726
5	5A and 5B, Ikoya Avenue, Ikoyi, Lagos	Ikoyi, Lagos	3,139.72	738.08	3,052,499	32,541
6	20, Gerrad Road, Ikoyi, Lagos	Ikoyi, Lagos	4,751.41	469.8	5,939,263	21,876
7	24, Meckunwen Road, Ikoyi, Lagos	Ikoyi, Lagos	5,636.85	837.08	6,263,160	36,651
8	3, Macpherson Avenue, Ikoyi, Lagos	Ikoyi, Lagos	2,276.88	462.37	2,529,864	20,310
	Total Value				**57,459,778**	**1,038,688**

5.3 The African Union Continental Logistics Base (CLB)

The African Union Continental Logistics Base was inaugurated and handed over to the African Union Commission on 5th January 2018 to store equipment and materials mainly for peace related missions. The African Union Continental Logistics Base in Douala is expected to provide access to equipment and materials required for rapid deployment within the African Union Member States for operations.

The People's Republic of China and Government of Turkey donated equipment worth US$30,000,000 (Thirty Million US Dollars) and US$700,000 (Seven Hundred Thousand US Dollars) respectively to the African Union. This equipment is warehoused at CLB. The verification and valuation of the equipment were not completed at the reporting date; therefore, these assets were not included in 2019 financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 Intangible assets

Cost

Cost	2019 US$'000	2018 US$'000
At 1 January 2019	4,838	4,563
Additions	936	275
At 31 December 2019	5,774	4,838
Accumulated amortization		
At 1 January 2019	3,185	3,185
Amortization for the year	1,839	787
At 31 December 2019	5024	3,972
Net Book Value	750	866

No intangible asset of AU is restricted or has been pledged as securities for liabilities at the reporting date.

This relates to car loan given to staff. This has been split between the current and non- current receivable as below.

7	Long term receivable (Staff car loans)	2019	2018
	Long term receivable- Non current	5,361	4,662
	Short term receivable- Current *(note 13)*	2,466	2,334

8	Cash and cash equivalents		
	Cash on hand	793	1,491
	Cash at bank	433,702	622,074
		434,495	623,565

NOTES TO THE FINANCIAL STATEMENTS (continued)

		2019	2018
		US$'000	US$'000
9	**Short term investments**		
	Money market deposits	**192**	190

These represent balances on short-term money market deposits invested with JP Morgan Chase Bank in New York and ING Bank in Brussels, Belgium. The deposits earn varying interest rates and have maturity dates of less than a year.

10	**Fixed Term Investments**	**2019**	2018
		US$'000	US$'000
	Fixed Term Investments	182,113	0

The breakdown of the fixed term investment is as follows:

Description	Status	Date of Investment	Date of Maturity	Amount Invested	% Rate	Accumulated Int at Dec 2019	Interest Earned
ECOBANK FIXED DEPOSIT	Matured	27.05.2019	27.08.2019	$34,410,831.12	2.78%	$244,469.84	$244,469.84
ECOBANK FIXED DEPOSIT	Matured	31.08.2019	30.11.2019	$66,879,603.46	2.85%	$481,811.84	$481,811.84
ECOBANK FIXED DEPOSIT	Matured	05.11.2019	05.02.2020	$40,400,000.00	2.93%	$184,134.22	$302,506.22
STANBIC FIXED DEPOSIT	Matured	12.11.2019	12.02.2020	$23,900,000.00	2.13%	$70,704.17	$128,681.31
ECOBANK FIXED DEPOSIT	Matured	13.12.2019	06.03.2020	$50,524,000.00	2.93%	$74,017.66	$378,312.48
ECOBANK FIXED DEPOSIT	In process	06.12.2019	06.03.2020	$67,289,143.00	2.93%	$136,914.71	$498,369.56
Total				$182,922,591.42		$1,192,052.44	$2,034,151.25

The amount that matches invested amount as of 1 Dec 2019 to SAP is the highlighted amount totaling to 182,113,143, rounded of in '000= to $ 182,113. The first two initial investments were cleared from account when the investment matured. The interest earned is for the peace fund.

11	**Advance payments to suppliers**		
	Advance payments to suppliers	16,288	12,913
	Provision	(2,307)	0
		13,981	12,913

12	**Prepayments**		
	Other prepayments	457	531
	Provision	(5)	(5)
	Net- other prepayments	452	526
	Rent prepayment	283	170
	Education	88	68
	Insurance prepayment	307	37
		1,130	801

	Movement on the provision for impairment of prepayments receivables is as follows:		
	At the start of the year	5	-
	Provision in the year	0	5
		5	5

13	**Short term receivables**		
	Advance recoverable from staff members	197	254
	Car loan	2,466	2,334
	Travel and Imprest advances	4,945	4,979
	Salary and Housing allowance advances	3,138	2,791
	Sundry receivables	6,672	8,159
	Receivables from Member States	418	737
	Receivables from Non-Member States	3	250
		17,839	19,504
	Provision for bad debts- other receivables	(1,029)	(929)
		16,810	18,573

		2019	2018
		USD'000	USD'000
14	**Inventories**		
	Stationery and office supplies	479	480
	Uniforms and household materials	0	1
	Fleet maintenance and parts	10	10
	Refreshments and beverages	12	12
	Maintenance materials	43	49
	Printing plant materials	266	202
	Information technology materials and accessories	87	87
	Medical product and supplies	85	158
	Military product and supplies	0	171
	Other inventory	93	98
		1,075	1,268

15	**Outstanding member states contribution**			
	Outstanding member states contribution	185,779		178,407
	Provision for bad debts- member states' assessed contributions	(22,101)		(18,051)
	Outstanding member states contribution- net	163,678		160,355
	Movement on the provision for impairment of outstanding member states contribution is as follows:			
	At start of year	18,051		13,624
	Provision in the year	4,050		4,427
	At end of year	22,101		18,051

16	**Receivable from partners**		
	Receivables from partner funds	33,794	18,403
	Less: provision for bad debts- partner funds	(4,248)	(4,248)
		29,547	14,155

The details of partner funds are presented in Appendix 2.

17	**Receivable from Observer Missions and RECs**		
	Observer Missions		
	Dakar Representative Office	208	208
	DPAIT/ Sudan	19	19
	Darfur/ Sudan	1,526	1,526
	Provision for Bad debt (Darfur/Sudan)	(1,753)	(1,753)
	Regional Economic Communities (RECs)		
	APSA	13,385	8,907
		13,385	8,907

NOTES TO THE FINANCIAL STATEMENTS (continued)

		2019	2018
		USD'000	USD'000
18	**(a) Accounts payable**		
	Troop contributing countries	3,657	77,820
	Suppliers	23,159	15,402
	Credit union and staff association	402	2,762
	Staff payables	92,381	79,606
	Payable to Member States	59	105
	Sundry and other payables	3,003	5,690
		122,661	181,385

18	**(b) Payable to Observer Missions and RECs**		
	Payable to Regional Economic Communities (RECS)	**4,372**	**1,521**

19	**Accruals**		
	Provision for Accrual Expenses	30,883	31,998
	Other Provisions	38,396	47,549
		69,279	79,547

20	**Provisions**		
	Provision for disability and death compensation	**39,366**	34,702

21	**Members states contributions received in advance**		
	Contributions received in advance	10,277	11,956

22	**Unexpended partner funds**		
	Unexpended partner funds	200,870	193,410

Details of partner funds is presented in appendix II and III

23	**Special fund**		
	Projects and Programs (Regional Offices)	1,295	1,321
	Special Refugee Contribution Fund	8,968	8,543
	Special Emergency Fund for Drought	14,956	13,956
	Acquisition of AU Properties	83,710	67,491
	Member States -High Level Panel & Ministerial	824	824
	Work on Union Government Proposal	55	55
	General Peace Fund (SF005)	56,658	49,989
	Solidarity fund (SF007)	3,190	3,190
	Acquisition of Washington Office Premises	91	91
	Acquisition of Brussels office	223	0
	Acquisition of NY Office Premises	135	0
	African Group Fund for Geneva	22	0
	Horn of Africa Famine Relief	2,730	2,730
	African Women Fund	4,029	3,077
	Maintenance Fund	10,943	8,760
	AFISMA Trust Fund	15,000	15,000
	Peace Fund	195,000	0
	EEC/ACP Funds for Brussels	1	0
	High Level Panel on Alternative Sources of Financing	209	208
		398,039	175,235

24	**Voluntary contribution**		
	These are voluntary Member States contribution to AU AUDA/NEPAD and AU APRM office		
	Rwanda (AUDA/NEPAD)	100	100
	Kenya (AUDA/NEPAD)		144
	South Africa (AUDA/NEPAD)	502	512
	South Africa - in kind contribution through hosting agreement (AUDA/NEPAD)	525	520
	Nigeria (AUDA/NEPAD)		1,000
	Chad (APRM)		300
	Cote d'Ivoire (APRM)		218
	Egypt (APRM)		200
	Equatorial Guinea (APRM)		700
	Ghana (APRM)		190
	Mauritius (APRM)	400	200
	Mozambique (APRM)		200
	Namibia (APRM)	205	198
	Nigeria (APRM)		500
	Rwanda (APRM)	401	200
	South Africa (APRM)		191
	Sudan (APRM)		99
	Tanzania (APRM)		184
	Uganda (APRM)		271
	Togo (APRM)	200	
	Zambia (APRM)		250
		2,333	6,177
25	**Partner funds realized**		
	Peace and security	242,621	262,001
	Programs	63,820	80,685
		306,441	342,686

		2019	2018
		USD'000	USD'000
26	**Other revenue**		
	Disposal of obsolete assets	20	15
	AU Clinic	99	447
	Rental Income	223	0
	Interest on bank accounts	857	141
	Interest on Short-term Investments	686	662
	Gain on Exchange	300	233
	Other Income	1,647	3,984
		3,832	5,482
27	**Staff costs**		
	Basic Salary	51,729	49,336
	Accrued employee benefit	4,351	2,588
	Post Adjustment Allowance	19,090	18,316
	Acting Allowance	99	156
	Temporary Assistance	2,596	1,970
	Overtime	370	415
	Dependency Allowance	1,482	1,477
	Housing Allowance	16,739	16,174
	Pension Scheme	9,928	9,572
	Special Allowance/Short-term salaries	65,090	68,871
	Education Allowance	7,723	7,734
	Travel on Home Leave	961	763
	Staff Leave	514	564
	Installation Allowance	853	1,259
	Preferential exchange rate	1,642	1,812
	Insurance of Personnel	4,570	4,236
	Separation Cost	2,122	3,076
	Staff Welfare	21	80
	Non-Residence Allowance	278	346
	Cost of Initial Recruitment	367	108
	Transportation of personal effects	957	752
	Medical Expenses	4,974	4,880
	Salaries and Allowances - PSO	0	0
	Entertainment Cost	96	3,164
	Other	9,007	11,530
		205,559	209,178
28	**Subventions to AU Organs**		
	ECOSOCC	56	757
	African Union Commission on International Law (AUCIL)	326	278
	Peace and security Council	1,466	2,092
	African Charter on the Rights and Welfare of the Child	271	232
		2,119	3,359

		2019 USD'000	2018 USD'000
29	**Expert fees**		
	Legal fees	132	32
	Consultancy fees	10,156	7,096
	Audit fees	242	327
	Freelance fees	7,324	7,343
	Honorarium	3,735	4,636
	Software licenses and rental fee	1,171	608
	Brokerage fees	61	74
		22,821	20,116
30	**Official missions**		
	Travel tickets	34,813	26,452
	DSA	30,628	37,924
	Visa fees	294	2,630
	Other mission costs	17,889	15,440
		83,624	82,446
31	**Other subventions/ grants**		
	Refugees and IDPs	1,905	2,305
	Special emergency fund	1,000	1,000
	Peace fund	6,755	8,066
	Special subvention and grant	253	250
	African women fund	951	1,152
		10,864	12,773
32	**Grants and donations**		
	Donations	51	3
	Grants	3,359	3,170
	Awards	474	280
		3,884	3,453
33	**Provision for bad debts**		
	Short term receivables(note 13)	100	1,343
	Receivable from member states (note 15)	4,050	4,427
	Advance payment to Suppliers (note 11)	2,307	0
	Inter-Office	(40)	88
		6,417	5,858

		2019	2018
		USD'000	USD'000
34	**Other operating expenses**		
	Rent	11,405	12,324
	Communications	2,461	3,272
	Repair and Maintenance	1,516	1,576
	Utilities	855	902
	Hospitality	117	265
	Printing and Binding	686	855
	Publication and Periodicals	1,765	1,950
	Insurance	656	820
	Publicity	314	203
	Fuel and Lubricants	594	673
	Training	1,540	2,622
	Others	5,005	2,672
	Programme and projects/partners fund exp	57	504
		26,971	**28,638**
35	**Peace support operations**		
	Peace Keepers Allowances - PSO	199,099	213,404
	Death & Disability Grants - PSO	10,985	8,390
		210,084	**221,794**
36	**Low value asset/ capital expenditure**		
	Buildings	20	67
	Motor Vehicles	105	1,853
	Computer & Accessories	796	304
	Softwares	58	9
	Office Equipment	506	262
	Office Furniture & Fittings	616	228
	Household Furniture and Fittings	7	5
	Printing Equipment & Machines	11	13
	Medical Equipment	70	2,900
	Un distributed Assets	3	0
	Other Assets	-1,203	2,700
	Security and Safety Equipment	51	36
	Generators	0	21
	Transportation Equipment	1	6
	Conference Interpretation	485	78
		1,526	**8,481**
37	**Financial charges**		
	Bank Charges	851	542
	Interest expense	154	144
		1005	**686**

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		2019	2018
		USD'000	USD'000
38	**Office supplies and services**		
	Stationery supplies and services	1,230	1,245
	Printing and photocopy services	0	10
	Printing supplies	0	2
	Maintenance supplies	93	50
	Other supplies and services	11,055	11,348
		12,378	12,655
39	**Foreign exchange gains/ (loss)**		
	(Loss)/ gain from exchange rate fluctuation	**1,016**	1,887
40	**African Union Pension Fund**		
	The Organization for African Unity (the defunct OAU) and the American Life Insurance Company (ALICO) entered into a contract for management of a Pension Fund under policy number 50418 effective 1 January 1992. ALICO terminated the contract with African Union effective 1 September 2017. Thereafter the amount accrued to the Pension Scheme was transferred to JP Morgan. The amount is included in note 8.		
41	**Related parties**		
	In the course of its operations, the AU enters into transactions with related parties, which include the Member States, AU organs and Representative Offices. Funds received from member states have been disclosed on the Statement of financial performance. Funds sent to Representative Offices and Organs have been operated at arm's length and consolidated in the AU financials.		
	The key management personnel, as defined by IPSAS 20 Related Party Disclosures, are the elected members of the AU, who together with the PRC constitute the governing body of the AU. This will include the Chairperson, deputy chairperson and the 8 commissioners. The total remuneration is shown below. The key management personnel are provided with vehicle and driver during their tenure. The Chairperson and Deputy Chairperson are provided with a furnished house.		
	Chairperson	283	289
	Deputy Chairperson	249	249
	Commissioner for Economic Affairs	220	226
	Commissioner for Human Res. Science &Tech	220	221
	Commissioner for Infrastructure & Energy	213	212
	Commissioner for Political Affairs	220	220
	Commissioner for Peace and Security	220	220
	Commissioner for Rural Eco. &Agriculture	212	212
	Commissioner for Social Affairs	213	213
	Commissioner for Trade and Industry	219	219
	Other benefits – defined contribution to ALICO	333	334
		2,602	2,615

AUC being the secretariat for AU, we only listed those for AUC. The rest of the organs have elected officials who meet 2 to 4 times per year. They are paid various allowances like DSA, Ticket, and

Honorarium etc. The day to day running of each Organs is done by the main clerk, registrar or executive secretary as head of each organ ranging from a grade of P5 to D Position.

42. Commitments- Operating lease rentals

The assets held under finance leases should have consistent depreciation policies with assets that are owned (in accordance with IPSAS 17 and IPSAS 31). If no reasonable certainty exists that the lessee will obtain ownership at the end of the lease – the asset should be depreciated over the shorter of the lease term or the useful life [IPSAS 13.36]. The Cairo office has renewed its office lease for five years at the rate of USD 114,000 per year. The lease schedule is shown below in USD. Previously it was annual lease amount of US$ 48,000 for the first two years and then increase by 5% till the end of the lease year. The lease schedule as shown below (US$)

dates	Lease amount to pay (US$)	Financial year	Actually paid	Lease expense	Lease liability
01.07.19 -30.06.20	114	1	57	57	
01.07.20 -30.06.21	114	2			
01.07.21-30.06.22	114	3			
01.07.22-30.06.23	114	4			
01.07.23-30.06.24	114	5			
Total lease	570				
Lease per year	114				

Lease liabilities in USD'000

	2019	2018
Not later than one year		**53**
Later than one year and not later than 5 year		**28**

Except for disclosure purposes, no record has been made to recognize the lease liability.

43. Employees

The number of employees at the end of the year was 2,285 (2018: 2,273).

44. UN logistic support provided to AMISOM

As per the Security Council Resolution 1863 of 16 January 2009, United Nations Support Office for AMISOM (UNSOA) was mandated to provide logistics support for the Mission. The successive Security Council Resolutions have maintained the logistic package, although the name changed from UNSOA to UNSOS (United Nations Support Office for Somalia). The entire support is managed using UN Financial Rules and Regulations and the values of the goods and services acquired are not provided to the AU.

The elements of support cover the following areas:

- Reimbursement of Contingent Owned Equipment;
- Acquisitions of equipment required for troop and police contingents;
- Provision of any other equipment, supplies or services;
- Other logistics requirement for the Mission;
- Hiring personnel, consultants, experts and support staff;
- Outreach activities aimed at the Somali general population and civil society;
- Training and capacity building for the Mission.

45. Segment reporting

IPSAS 18 requires that when activities conducted by an organization are broad and encompass a wide range of different geographical regions, with different social economic characteristics it is necessary to report disaggregated financial and non-financial information about particular segments to provide relevant information for accountability and decision making. The two types of segments reported are referred to as service segments or geographical segments. These terms have the following meaning:

Service segment refer to a distinguishable component of an entity engaged in providing related services or achieving particular operating objectives consistent with its overall mission;

A geographical segment is a distinguishable component of an entity engaged in providing related services or achieving particular operating objectives with a particular geographical area. The AU undertakes segment reporting based on the service segments and sources of financing. The reportable operating segments derive their revenue primarily from assessed member states contributions and partner funds.

Member states assessed contribution is received by the AU and sent to each of the entities in the form of subventions. The AU also has 14 liaison offices spread across various African countries. The liaison offices' operations are coordinated from the AU headquarter in Addis Ababa, Ethiopia.

For management and reporting purposes, The African Union Commission is organized into the following service segments:

- The African Union Commission (AU) headquarter and 14 liaison offices;
- Fifteen (15) specialized agencies and regional offices; and
- Seven (7) permanent representation offices.
- Five (5) Pan African Universities (PAU) offices

The complete list of consolidated entities can be found above under section 1.3 "Legal Basis and Scope of the financial statements." Kindly note that IPED and CDC are operated from HQ. Refer to appendix 1 for the segment information.

46. Financing African Union (AU).

The Assembly of Heads of State and Government through Executive Council decision referenced Assembly/AU/Dec.605 (XXVII) agreed on 16 July 2016 to establish a 0.2% import levy on eligible goods imported into the Continent. It was introduced as an alternative source of mobilizing financial resources to finance AU budget without straining the national treasuries. It was also to fulfil the need for self-financing the Union's budget with resources mobilized from the Continent. Since the adoption of the levy in July 2016, seventeen (17) Member States have implemented the levy.

47. Revitalized Peace Fund

In July 2016, the AU Assembly of Heads of State and Government decided to institute a universal levy of 0.2% on eligible imports to finance the African Union. The 0.2% levy will endow the Peace Fund with \$325m in 2017 rising to a total of \$400m by 2020 against an estimated overall Peace Fund budget of \$302m in 2020. Any unutilized balances are expected to be held in the Crisis Reserve Facility to enable rapid response to unforeseen crises.

The fundamental problem that the AU Assembly's Financing Decisions intended to address is the lack of predictable and sustainable financing for operational peace and security activities, particularly AU mandated or authorized peace and security Operations(PSOs).

The contributions by the Member States were calculated using the existing AU scale of assessment. The total contribution at the reporting date amounted to US\$167 million. Member State contributions to the Peace Fund have been deposited in a separate bank account in Ecobank, Kenya. Currently, AUC has invested these funds in short term investments with Ecobank, Kenya and Standard bank, South Africa.

48. Notes on some of the AU offices which were opened, consolidated or closed in 2019

Closure of Liberia Liaison Office

As per the decisions adopted by the African Union Commission (AUC) dated 19 April 2016 and 13 February 2019, on the closing of the AU Liaison Office (AULO) in Liberia, and in compliance with the Assembly decision of January 2017 and the Extraordinary Session of the same Assembly held in Addis Ababa in November 2018 on the institutional reforms (Assembly Decision Assembly/AU/Dec. 635 (XXVIII)) which includes, among other aspects the rationalization and restructuring of the AU Liaison Offices' activities, the Liberia Liaison Office was closed in 2019. Some of the assets of the Office were donated to the Government of Liberia, others were sent back to AUC headquarters while others were sold to staff.

The African Committee of Experts on the Rights and Welfare of the Child (ACERWC)

The African Committee of Experts on the Rights and Welfare of the Child (ACERWC) of the African Union will move from Ethiopia to its new headquarters in Lesotho before the end of the year, 2020, as per the Execution Decision Ex.CL/Dec.1010 (XXXIII) of June, 2018 on the Relocation of the Secretariat from Addis Ababa, Ethiopia to Maseru, Lesotho. The committee is mandated with ensuring the protection of the rights of children through formulating principles and rules among other roles. The ACERWC 2019 financial activities were handled by AUC and thus form part of the financial statements of AUC.

The Economic, Cultural and Social Council (ECOSOCC)

The Economic, Cultural and Social Council (ECOSOCC) of the African Union was previously located in Ethiopia at the AU headquarters before it was moved to Lusaka Zambia towards end of 2019. It is currently recruiting staff to fill the structural positions. The ECOSOCC 2019 financial activities were handled by AUC and thus form part of the financial statements of AUC.

49. Notes on some of the AU offices which were opened, consolidated or closed in 2019 (continued)

African Continental Free Trade Area (AfCFTA)

The African Continental Free Trade Area (AfCFTA) is a free trade area . It was created by the African Continental Free Trade Agreement among 54 of the 55 African Union nations in 2018. The operational phase of the African Continental Free Trade Area (AfCFTA) was launched in Niamey, Niger on 7th July

2019 at the African Union's Extraordinary Summit, with a transition period up to 1 July 2020 when trading will begin under the deal. Ghana was selected as the country to host the secretariat of the African Continental Free Trade Area (AfCFTA), making it responsible for the overseeing the implementation of the agreement. The country has committed to donate $10 million for the operationalisation of the AfCFTA Secretariat. The Agreement entered into force on 30 May 2019 after ratification by the required 22 AU member states.

AU Regional Office – Conakry, Guinea (RPID-FDH)

AS per Executive Decision (EX.CL./Dec 971(XXXI) of June 2017 the Fouta Djallon Highlands integrated natural resources programme (RPID-FDH) in AU Conakry Office was transferred to ECOWAS. Subsequently, an official ceremony was done to hand over the Programme to ECOWAS on October 2018. There are plans to close the office and currently has an Assistant Accountant and 2 support staff in Conakry, while the Interim Head of the office is based in HQ.

AU Representation Office in China

The AU Representation Office in China was established in the last quarter of 2018. An operational budget was not allocated to the office in 2019, however all the expenses relating to the Office establishment are under the program Budget of the Bureau of the Chairperson.

AU Sports Council (AUSC)

The AU Sports Council is responsible for the co-ordination of the African Sports Movement and the forum for concerted action between Member States for the promotion and development of Sports and development through Sport in Africa. The Host Agreement for the African Sports Council was signed in April 2018. It was previously under the program Budget of the Department of Social Affairs.

AIR (African Institute of Remittances)

The African Institute of Remittances is based in Nairobi and develops the capacity of Member States of the African Union, remittance senders and recipients and other stakeholders to implement concrete strategies and operational instruments to use remittances as development tools for poverty reduction. It was previously under the program Budget of the Department of Social Affairs.

The Pan African University Institute of Water and Energy Sciences (PAUWES)

The Pan African University Institute of Water and Energy Sciences (including Climate Change) (PAUWES), is a centre of excellence at the University of Tlemcen in Algeria.

Relocation of Libya AULO to Tunisia

The African Union Liaison Office in Libya was relocated to Tunisia on 23 September 2014 due to the unstable political situation in Libya. The relocation was approved by Peace and Security Council.

50. Contingent assets and liabilities

There are 26 pending legal suits against the African Union Commission as at the reporting date. The Office of Legal Council is of the opinion that the maximum probable liability of the Commission in respect of these cases is US$1,000,000 (one Million US Dollars).

51. Commitments

The Union has no commitments at the reporting date.

52. **Restructuring**:

Restructuring of AUC HQ was approved in Feb 2020 summit. For the rest of the AU offices outside HQ, it was planned to be done in 2020.

APPENDICES

AFRICAN UNION					
STATEMENT OF FINANCIAL PERFORMANCE (INCOME AND EXPENDITURE) - SEGMENT REPORTING					
FOR THE YEAR ENDED 31 DECEMBER 2019					
Currency - In US Dollar - US$000	2019				
Headquarters/Regional Office	**AUC HQ + L.O**	**Specialized agencies**	**Permanent representation offices**	**Organs**	**AU total**
	USD	**USD**	**USD**		**USD**
REVENUE / INCOME					
Member States' Assessed Contributions	-280,046	0	0	0	-280,046
Member State-Assessed Contribution- Peace Fund	-65,000	0	0	0	-65,000
Member State Voluntary Contribution	0	0	0	0	0
Subventions to AU organs	72,735	0	0	-72,735	0
Subventions to Regional Offices	44,231	-28,317	-9,652	0	6,261
Partners Funds - Realized	-281,277	-11,933	-35	-2,333	-295,578
Other Revenue	-1,321	-502	-69	-13,196	-15,088
TOTAL REVENUE / INCOME	**-510,678**	**-40,751**	**-9,756**	**-88,265**	**-649,450**
EXPENDITURE					
General Operating Expenses					
Staff Costs	0	0	0	0	0
Subventions to AU organs 1	127,389	19,886	9,237	0	156,512
Expert fees	2,119	0	0	42,093	44,213
Exchange loss (net)	10,399	3,028	49	0	13,475
Official Missions	215	28	46	9,310	9,599
Other Subventions/Grants	49,031	10,951	439	723	61,144
Grants and Donations	10,776	88	0	23,051	33,916
Employee Benefit	2,433	703	0	0	3,136
Provision for Bad Debt	3,958	0	0	353	4,311
Depreciation	6,357	0	0	393	6,750
Other Operating Costs	6,530	151	481	62	7,223
Peace and Security Operations	12,979	2,855	941	358	17,134
Low Value Asset/Capital Expenditure	210,084	0	0	9,482	219,565
Financial Charges	341	402	10	0	753
Office supplies and Services	384	125	8	658	1,176
TOTAL EXPENDITURE	**442,993**	**38,218**	**11,211**	**86,485**	**578,907**
EXCESS/(DEFICIT) OF REVENUE OVER EXPENDITURE	**-67,685**	**-2,533**	**1,454**	**-1,780**	**-70,543**
Segment assets	**1,322,387**	**24,302**	**51,648**	**44,136**	**1,398,337**
					0
Segment liabilities	**-393,168**	**-27,463**	**-1,075**	**-25,805**	**-421,706**
Segment net assets	**-929,219**	**3,161**	**-50,573**	**-18,330**	**-976,631**

Chief of Staff
Bureau of the Chairperson

Appendix II – STATEMENT OF RECEIVABLE FROM PARTNERS

		2019	2018
Account Id	**Partners/Fund Name**	**US$'000**	**US$'000**
300080	JFA	1,398	1,398
300087	GTZ - PASU-SPPME	75	75
300170	AUC-JPA- CAPACITY BUILDIN	1,545	1,545
300215	USAID DISBURSEMENT TO AU	106	542
300235	ANIMAL GENETICS PROJECT	-1	0
300237	ADF 45M GRANT TO PAU	8,048	6,922
300261	EQUATORIAL GUINEA CONTRIB	83	103
300304	KENYA SUPPORT TO THE AFRI	164	164
400121	PSD JOINT SALARIES FUND	288	0
400151	JFA PARTNERS TO AULO	-24	0
400211	EU SUPPORT TO AFISM-CAR	1,552	0
400242	EU INTERIM APSA SUPPORT P	94	0
400249	EU SUPPORT TO AMISOM XVI	0	4,341
400257	EC CONTRIBUTION TO AMISOM	2,008	0
400272	EC SUPPORT TO AMISOM XVII	2,479	2,812
400273	DANISH SUPPORT APP IV	0	196
400282	EC SUPPORT TO AMISOM XX	14,511	0
200005	Project/program funds	243	14
		32,571	18,112
	Regional Offices	510	265
	Organs	713	39
	Provisions	-4,248	-4,248
		29,547	**14,169**

Appendix III – STATEMENT OF DEFERRED REVENUE – FUND UNEXPENDED FOR CASH COLLECTED

		2019	2018
Account Id	Partners/Fund Name	US$'000	US$'000
200028	UNECA	-37	-37
200029	ORG'N INT'L DU TRAVAIL	-42	
200051	KUWAIT SUPPORT FUND	-147	-392
300018	SPAIN FUND	-3,126	-2,738
300047	EMBASSY OF THE REPUBLIC O	-3,478	-2,848
300065	CHINA CONTRIBUTION TO AU	-2,893	-3,673
300086	FRENCH CONT. TO ECOSSOC	-61	-61
300106	UNITED NATION ENVIRNMENTA	-7	-25
300107	ALGERIA ELECTORAL ASSISTA	-880	-142
300135	DANISH SUPPORT TO PILLAR	0	-421
300172	LUXEMBURG AGENCY FOR DEVE	-518	-681
300190	ROCKEFELLER FOUNDATION	-16	-57
300195	INTERNATIONAL FOOD POLICY	-49	-49
300205	PERMANENT MISSION OF THE	-5	-7
300225	SOUTH AFRICAN VOLUNTARY	-222	-222
300237	ADF 45M GRANT TO PAU	-71	
300240	ADMINISTRATIVE COST FROM	-30,795	-23,226
300244	SOUTH KOREA CONTRIBUTION	-2,309	-2,099
300255	AFDB SUPPORT TO PIDA -210	-124	-74
300256	JPA-ELECTIONS	0	-623
300257	JPA-GOVERNANCE	0	-828
300260	JPA CAPACITY BUILDING PHA	902	-947
300263	SUPPORT TO EBOLA OUTBREAK	-2,379	-5,020
300268	WORLD BANK - 27M	-332	-26
300272	AFRICAN REHABILITATION IN	-83	-83
300274	AFRICAN DEVELOPMENT BANK	-19	-19
300278	EC SUPPORT FOR PANAF AUCA	-380	-659
300279	ECA SUPPORT FOR TRADE AND	-10	-10
300280	SUPPORT TO AUC-GIZ - FA-2	-4	
300282	EU SUPPORT FOR ACP DRR PR	670	-1,027
300283	DFID SUPPORT TO TRADE AND	-163	-163
300285	US DRUG CONTROL - INL GRA	-624	-517
300289	FORD FOUNDATION PHASE II	-43	-88
300293	HUAWEI SUPPORT TO INFRAST	-12	-16
300294	ITALY CAPACITY BUILDING F	-70	-70
300297	CHINA SUPPORT TO AFRICA C	-949	-538
300298	ITALIAN SUPPORT TO THE AU	-217	-284
300299	EC AU RESEARCH GRANTS	-10,917	-8,260

		2019	2018
Account Id	Partners/Fund Name	US$'000	US$'000
300302	JAPAN SUPPORT TO AU WOMEN	-83	-103
300303	NORWEGIAN SUPPORT TO MFA-	0	-562
300305	AU SUPPORT PROGRAMME III	-3,106	-3,043
300308	AFDB SUPPORT TO SUPPORT C	-222	-234
300309	NORWEGIAN SUPPORT TO AFRI	-9	-129
300310	PANAF/2016/374-120	-83	-368
300311	AU-JFA SUPPORT TO WGD PRO	-15	-76
300312	GLOBAL MONITORING FOR ENV	-10,439	-5,859
300314	BGMF SUPPORT TO PACA II	-90	-81
300320	CANADIAN SUPPORT TO COMMO	-557	-764
300322	UNF SUPPORT TO AUC-17887	-18	-86
300323	FORD SUPPORT TO HRST PHA	-310	-294
300324	JAPAN SUPPORT TO AFRICA C	-9	-84
300326	AFDB SUPPORT FOR THE ORGA	-77	-77
300328	BILL AND MELINDA GATES FO	-108	-835
300329	USA SUPPORT TO ESTABLISHM	-108	-102
300330	GIZ SUPPORT TO CFTA-CONTR	-14	-416
300332	FAO SUPPORT TO AU	-19	-35
300334	AU JPA/AUSTRALIA SUPPORT	-589	-587
300335	JAPAN SUPPORT TO AFRICA C	-497	-1,000
300339	UNECA SUPPORT TO THE AFRI	-84	-84
300341	UK SUPPORT TO SOCIAL AFFA	-468	-312
300346	UNDP SUPPORT TO AFRICA MI	-74	-324
300347	GIZ SUPPORT TO CAADP POLI	0	-89
300348	CHINA SUPPORT TO AU OFFIC	-41	-282
300349	ITALY SUPPORT –RENEWABLE	-419	-419
300350	NORWEGIAN SUPPORT TO AUC-	0	-591
300359	PEACE FUNDS : US FUND	0	0
300362	EU SUPPORT CTA, PROJ. NO	-13	
300364	ESTONIA SUPPORT TO AU	-15	
300366	GIZ SUPPORT TO AMIC- 8122	-262	-268
300367	NORWAY SUPPORT TO AU- RAF	-802	
300368	AU INSTITUTIONAL REFORM	-3,779	
300371	AU SUPPORT PROGRAMME IV-	-440	
300378	ALLIANCE FOR A GREEN REVO	-257	
300379	PMS US SUPPORT TO AFRICA	-50	
300380	DANISH ELECTORAL SUPPORT	-1,148	
300381	FORD SUPPORT END CHILD MA	-39	

		2019	2018
Account Id	Partners/Fund Name	US$'000	US$'000
300382	GIZ SUPPORT TO AUYVC	-2	
300384	AFRICA AGAINST EBOLA	-100	
400015	CHINA CONTRIBUTION FOR AM	-5,245	-4,495
400034	FINLAND CONTRIBUTION	-221	-284
400039	GERMAN-AFRICAN BORDER PRO	-207	-246
400043	ITALIAN CONTR.SOMALIA (AM	-1,969	-6
400050	JAPANESE CONTRIBUTION	-6	-6
400071	JAPANESE CONTRIBUTION-DIF	-59	-59
400075	SWEDEN CONTR. TO AMISOM	-85	-85
400093	DANISH CONTRIBUTION TO AM	-1,971	-1,010
400097	GTZ GRANT FOR ASF POLICE	-89	-180
400112	ITALY CONTRIBUTION TO AUH	-28	-28
400121	PSD JOINT SALARIES FUND	0	-779
400125	JAPAN CONTRIBUTION FOR YE	-32	-255
400140	LUXEMBURG CONTRIBUTION TO	-1	-1
400145	EU CONTRIBUTION TO APSA	-1,144	-1,153
400147	INDIAN CONTRIBUTION FOR A	-836	-1,491
400151	JFA PARTNERS TO AULO	-7,017	-1,318
400155	NORWEGIAN CONTRIBUTION TO	-72	-72
400177	EU SUPPORT TO TRAINING IN	-103	-103
400185	RUSSIAN FED. CONTRIBUTION	-409	-525
400190	GIZ SUPPORT TO ESTABLISHM	0	-37
400191	REPUBLIC OF TURKEY CONTRI	-104	-104
400199	NETHERLANDS CONTRIBUTION	-7	-254
400202	MEMBER STATES CONTRIBUTIO	-33	-33
400206	AUSTRIAN CONTRIBUTION GE	0	-325
400210	USA CONTRIBUTION FOR DEFE	-10	-10
400214	APP-III DANISH AFRICAN PR	-1,787	-1,526
400218	KENYA CONTRIBUTION TO ASF	-750	-750
400221	EC SUPPORT TO C3IS	-14,122	-14,122
400227	PILLAR I GENDER PSD PROGR	-1	-20
400230	UK CONTRIBUTION TO MNJTF	-918	-1,659
400232	ITALY CONTRIBUTION TO TAN	-6	-6
400234	NORWAY CONTRIBUTION TO GE	-23	-171
400237	NORWAY CONTRIBUTION TO MI	-1	-1
400238	SWITZERLAND CONTRIBUTION	-105	-105
400239	ERM II	-2,655	-2,733
400241	JAPAN SUPPORT TO AU MISSI	-21	-21

		2019	2018
Account Id	Partners/Fund Name	US$'000	US$'000
Account Id	Partners/Fund Name	US$'000	US$'000
400242	EU INTERIM APSA SUPPORT P	0	-1,558
400245	UNDP CONTRIBUTION FOR AU	0	0
400247	USA SUPPORT TO BURUNDI NA	-129	-126
400248	EU SUPPORT TO MNJTF	-15,856	-20,422
400249	EU SUPPORT TO AMISOM XVI	229	
400250	EC CONTRIBUTION TO APSA I	-3,398	-9,957
400251	UNICEF CONT. FOR CHILD P	-7	-7
400253	EU SUPPORT TO HUMAN RIGHT	-205	-305
400254	SWISS CONTRIBUTION FOR DS	0	-79
400255	UNITED NATIONS SUPPORT FO	-300	-300
400256	UN SUPPORT FOR SALW-PSSM	-52	-52
400257	EC CONTRIBUTION TO AMISOM	0	-2,456
400258	GERMEN CONTRIBUTION TO AU	-18	-72
400261	EU SUPPORT TO RCI-LRA III	0	-70
400264	UNDP SUPPORT AMISOM POLI	-229	-229
400265	GIZ SUPPORT TO PANEL OF T	-56	-94
400266	GIZ SUPPORT TO AU EARLY R	-77	-816
400267	KAZAKHISTAN SUPPORT TO AM	-137	-137
400268	REPUBLIC OF KOREA CONTRIB	-8,983	-7,047
400270	JAPAN SUPPORT TO PEACE &	-34	-18
400271	EC SUPPORT TO GDTC-AMISOM	-632	-1,991
400273	DANISH SUPPORT APP IV	-852	
400275	EU SUPPORT TO AMISOM XIX	-7,582	-6,926
400276	NORWAY CONTRIBUTION TO PS	-1,503	-1,061
400277	EC SUPPORT AUHIP	-230	
400278	GOVERNMENT OF CANADA SU	-61	
400279	JAPAN SUPPORT TO LEBEL II	-2,700	
400281	JAPAN SUPPORT TO PSD	-60	
400282	EC SUPPORT TO AMISOM XX	685	
400305	MILITARY EXPERT AND HRO P	-4,005	
400306	IRELAND SUPPORT TO PSD IR	-298	
		-170,281	-160,722
	Regional Offices	-19,957	-19,635
	Liaison Offices	-485	0
	Organs	10,141	13,047
		200,870	193,410