

**German Arab Chamber Of  
Industry & Commerce  
In A.R.E  
Financial Statements  
And  
Audit Report There On  
At December 31, 2023**

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# German Arab Chamber of Industry & Commerce In A.R.E

## Financial Statements

For the year ended December 31, 2023

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## AUDITOR'S REPORT

To the active members of  
German Arab chamber of Industry & Commerce in A.R.E

### Report on the financial statements

We have audited the accompanying financial statements of **German Arab chamber of Industry & Commerce in A.R.E** Which comprise the balance sheet as of December 31, 2023, and the income statement and statement of cash flows for the financial period then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's responsibility for the financial statements

These financial statements are the responsibility of **chamber's** management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting Standard and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error ,management responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances .

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

in our opinion, the separate financial statements referred to above present fairly, in all material respects, the financial position of **German Arab chamber of Industry & Commerce in A.R.E**, as of December 31, 2023 and its financial performance and its cash flows for the year ended in accordance with the Egyptian accounting Standard and the Egyptian laws and regulations relating to the preparation of these financial statements.

**Report on the legal requirements and other regulations**

The chamber maintains proper books of account which include all that is required by law and by the statutes of the Company; the financial statements agree therewith.

The financial information included in board of directors' report, is in agreement with the information in the chamber's books

Cairo: 7 March 2024



*Sherif*

Sherif Fayed  
Chartered Accountant  
R.A.A 21270

**German Arab Chamber of Industry & Commerce**

**Balance Sheet As At 31 December 2023**

**(All amounts in Egyptian Pounds )**

	<u>Note</u>	<u>2023</u>	<u>2022</u>
<b><u>Assets</u></b>			
<b><u>Long Term Assets</u></b>			
Intangible Assets	5	3	28,903
Tangible Assets	6	1,644,727	467,480
<b>Total Long Term Assets</b>		<u>1,644,730</u>	<u>496,383</u>
<b><u>Current Assets</u></b>			
Cash and bank balances	7	32,927,283	30,080,551
Debtors and other debit balances	8	571,353	1,809,693
<b>Total Current Assets</b>		<u>33,498,636</u>	<u>31,890,244</u>
<b>Total Assets</b>		<u>35,143,366</u>	<u>32,386,627</u>
<b><u>Equity &amp; Liabilities</u></b>			
Surplus carryover		27,853,984	22,356,591
Surplus of the year		<u>2,541,240</u>	<u>5,497,394</u>
<b>Total Equity</b>		<u>30,395,224</u>	<u>27,853,985</u>
<b><u>Liabilities</u></b>			
<b><u>Current Liabilities</u></b>			
Creditors and other credit balances	9	4,425,806	4,244,477
Provision for Contingents liabilities		<u>322,336</u>	<u>288,165</u>
<b>Total Current Liabilities</b>		<u>4,748,142</u>	<u>4,532,642</u>
<b>Total Equity and Liabilities</b>		<u>35,143,366</u>	<u>32,386,627</u>

The accompanying notes on page 7 to 12 form an integral part of these financial statements .

Auditor's Report attached

**Treasurer**

Mr. Xavier Verfaillie

**CEO**

Mr. Jan Noether

German Arab Chamber of Industry & Commerce

Statement of Income - For The Year ended At 31 December 2023

(All amounts in Egyptian Pounds )

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Service receipts	10	30,100,439	23,130,556
General & Administrative Expenses	11	(29,845,119)	(20,987,232)
Provision		(34,170)	0.00
Foreign Exchange Gain (Loss)		<u>2,320,090</u>	<u>3,354,070</u>
Surplus of the year		<u>2,541,240</u>	<u>5,497,394</u>

The accompanying notes on page 7 to 12 form an integral part of these financial statements .

**German Arab Chamber of Industry & Commerce**

**Statement of cash flow - For The Year ended At 31 December 2023**  
**(All amounts in Egyptian Pounds )**

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
<b><u>Operating Activities</u></b>			
Surplus of the year		2,541,240	5,497,394
Adjustments for :			
Consumption for Intangible Assets	5	28,900	104,263
Provision formed during the year		34,170	-
Depreciation for Tangible Assets	6	403,777	31,605
Operating Profit		<u>3,008,087</u>	<u>5,633,262</u>
<b><u>Changes in working capital</u></b>			
Decrease (Increase) in Debtors and other debit balances		1,238,340	(477,010)
Increase (Decrease) in Creditors and other credit balances		181,328	1,150,551
<b>Net cash from operating activities</b>		<u>4,427,755.67</u>	<u>6,306,803</u>
<b><u>Cash flow from investing activities</u></b>			
Payments to purchase fixed assets	5,6	<u>(1,581,024)</u>	<u>(459,113)</u>
<b>Net cash used in investing activities</b>		<u>(1,581,024)</u>	<u>(459,113)</u>
<b><u>Cash flow from financing activities</u></b>			
Short Term Loan		-	921,940
<b>Net cash used in financing activities</b>		<u>-</u>	<u>921,940</u>
<b>Net increase in cash and cash equivalents</b>		2,846,732	6,769,631
<b>Cash and cash equivalents at beginning of the year</b>		<u>30,080,551</u>	<u>23,310,920</u>
<b>Cash and cash equivalents at the end of the year</b>	7	<u>32,927,283</u>	<u>30,080,551</u>

The accompanying notes on page 7 to 12 form an integral part of these financial statements .

### 1- Chamber profile

Chamber was incorporated in Egypt on May 1960

The chamber is located at 21, Soliman Abaza St, Mohandeseen, Giza, Arab republic of Egypt.

The chamber's resources consist of admission fees and subscription, donations of its members and subsidies and wills granted to them.

### 2- Uses of estimates and Judgments

These financial statements have been prepared in accordance with Egyptian Accounting Standards and prevailing Egyptian laws and regulations. The preparation of the financial statements in accordance with the Egyptian accounting standards requires using estimates and assumptions that can affect the value of the assets and liabilities and the disclosures of assets and the contingent liabilities as of the financial statement's dates, it can also affect the value of the revenues and the expenses during the financial period, although these estimates and assumptions are done in the light of the best available information to the management about the events and the current transactions, the real results can differ from the estimates.

The following estimates and judgments that influence the financial statements are as follows:

- Useful lives of fixed assets
- Provisions

### 3- Summary of significant accounting policies

#### a) Basis of preparation

The financial statements were prepared in accordance with Egyptian Accounting Standards and prevailing Egyptian laws and regulations.

The financial statements are prepared under historical cost convention

#### b) Fixed assets and depreciation

Fixed assets are presented in the balance sheet at historical cost, after deducting the depreciation using straight line method and the impairments – if any.

#### c) Accounts receivables

Accounts receivables are representing the uncollected amount from members and other parties.

#### d) Cash and cash equivalent

Cash and cash equivalent consist of Cash on hand and Cash at banks



**e) Accounts Payable**

Liabilities are recognized for amounts to be paid in the future for utilities or services rendered to the chamber during the year, whether billed or not billed by the supplier.

**f) Provision**

Provision is recorded when there is a legal commitment or presence of a current conclusion as a result of past events, this probably requires using resources to settle these liabilities, and it's also possible to make a reliable estimation to the value of those liabilities. These provisions are reviewed in the date of financial statement preparation, the provisions can also be adjusted in order to reflect the best estimation for it.

**g) Assets impairment**

The book value of -financial long term assets is reviewed at the date of each financial position to ascertain the amount of impairment. The value of an asset and in case that there is an indication of such impairment; the selling value is compared to the book value. If the book value is above the selling value, then there is impairment in the value of the asset and the selling value is reduced and the loss is charged in the income statement. The amount of impairment may be returned in case that there is a change in the selling value to the extent that the amount was reduced in the past.

**h) Foreign currency transaction**

The chamber records are in Egyptian pound Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Egyptian Pound at the foreign exchange rate in effect at that date. Foreign exchange differences arising on transaction during the year and reevaluation on balance sheet date are recognized in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of the transaction.

**i) Revenue recognition**

Services revenue represent invoices issued to members during the year for services rendered

**j) Pension and social insurance**

The chamber is paying its share in the social insurance according to the Social Insurance Act No. 79 of in 1975 as amended and is recognized in wage and salary in the income statement according to the accrual basis.

**k) Statement of cash flow**

The cash flow statement is prepared according to the indirect method.

#### **4- Financial instruments and related risk management**

The chamber's financial instruments are represented in. bank accounts, cash on hand, other debit balances, and other credit balances. The following shows the risks related to the financial instruments and the procedures followed by the company to minimize the effect of such risks:

**a) Credit risk**

This risk is represented in the disability of debtors to pay their liabilities, and this risk is considered low by cancelation the membership of the subscriber who didn't pay, in addition to obtaining appropriate guarantees, where possible.

**b) Liquidity risk**

The liquidity risk is represented by factors that impact the repayment of amount or all of the chamber's commitment according to the chamber's policy the suitable policies are taken to decrease the risk level to the minimum.

**c) Foreign currency risk**

The foreign currency risk is represented in the fluctuation of currency exchange rates since the chamber's transactions are in many foreign currencies. The chamber seeks to avoid having open foreign currency position and thus reduce the risk to the minimum.

**German Arab Chamber of Industry & Commerce**

**Notes to the financial Statement - For The Year ended At 31 December 2023**

**( In the notes all amounts are shown in Egyptian Pounds unless otherwise stated )**

**5-Intangible Assets**

	<u>Software</u>	<u>Licenses industrial property rights</u>	<u>Total</u>
<b><u>Cost</u></b>			
Balance at 1 January 2023	991,858	235,838	1,227,696
additions	<u>0</u>	<u>0</u>	<u>0</u>
<b>Balance as at 31 December 2023</b>	<u>991,858</u>	<u>235,838</u>	<u>1,227,696</u>
<b><u>Accumulated depreciation</u></b>			
Balance at 1 January 2023	(962,958)	(235,835)	(1,198,793)
Consumption during the year	<u>(28,900)</u>	<u>0.00</u>	<u>(28,900)</u>
<b>Balance as at 31 December 2023</b>	<u>(991,858)</u>	<u>(235,835)</u>	<u>(1,227,693)</u>
Net Book Value as at 31 December 2023	<u>0</u>	<u>3</u>	<u>3</u>
Net Book Value as at 31 December 2022	<u>28,900</u>	<u>3</u>	<u>28,903</u>

Fully depreciated items amounted to EGP 810,646 B/F from 2019

**6-Tangible Assets**

	<u>Computers</u>	<u>Office Equipment</u>	<u>Total</u>
<b><u>Cost</u></b>			
Balance at 1 January 2023	1,644,074	1,321,917	2,965,991
additions	<u>59,140</u>	<u>1,521,884</u>	<u>1,581,024</u>
<b>Balance as at 31 December 2023</b>	<u>1,703,214</u>	<u>2,843,801</u>	<u>4,547,015</u>
<b><u>Accumulated depreciation</u></b>			
Balance at 1 January 20223	(1,566,907)	(931,604)	(2,498,511)
Depreciation of the year	<u>(52,165)</u>	<u>(351,612)</u>	<u>(403,777)</u>
<b>Balance as at 31 December 2023</b>	<u>(1,619,072)</u>	<u>(1,283,216)</u>	<u>(2,902,288)</u>
Net Book Value as at 31 December 2023	<u>84,142</u>	<u>1,560,585</u>	<u>1,644,727</u>
Net Book Value as at 31 December 2022	<u>77,167</u>	<u>390,313</u>	<u>467,480</u>

Fully depreciated items amounted to EGP 3,472,828 till the end of FY 2021

**German Arab Chamber of Industry & Commerce**

**Notes to the financial Statement - For The Year ended At 31 December 2023**

**(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)**

<b><u>7- Cash and bank balances</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
<b>A) Cash Local</b>		
Cash on hand	57,899	20,175
Short term deposit	20,500,000	20,500,000
Banks	1,308,782	1,281,343
Cheque under collection	0	5,900
	<u>21,866,681</u>	<u>21,807,418</u>
<b>B) Cash Foreign</b>		
Cash on hand	9,167	3,536
Banks	11,051,434	8,269,597
	<u>11,060,602</u>	<u>8,273,133</u>
	<u>32,927,283</u>	<u>30,080,551</u>

Balances in foreign currency (Egyptian pound) included in total cash balance represent 33.55 % (2022:27.5%)

<b><u>8- Debtors and other debit balances</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Accounts Receivables	89,518	92,098
Prepayments and advances	451,414	765,234
Other debit balances	30,421	30,421
Short term loan	0	921,940
	<u>571,353</u>	<u>1,809,693</u>

<b><u>9-Creditors and other credit balances</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Accrued expenses	224,542	144,469
Income Tax employees and freelancers	400,219	85,858
Withholding Tax	47,251	48,484
Martyrs Honor Fund	723	172
Amounts due to related parties	3,678,858	538,293
Other credit balances	74,213	3,427,201
	<u>4,425,806</u>	<u>4,244,477</u>

**German Arab Chamber of Industry & Commerce**

**Notes to the financial Statement - For The Year ended At 31 December 2023**

**( In the notes all amounts are shown in Egyptian Pounds unless otherwise stated )**

<b><u>10- Receipts</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Subscriptions - Egyptians	13,325,007	10,891,452
Subscriptions -Germans	860,983	524,244
EU Project	1,125,093	21,670
GTAI	1,456,660	849,530
BMWi allowances	11,491,572	9,094,581
Special Cases allowances	0	60,681
Other Revenues	1,841,124	1,688,398
	<u>30,100,439</u>	<u>23,130,556</u>

<b><u>11- General &amp; Administrative expenses</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Salaries	9,056,429	6,877,599
Temporary staff salaries	25,493	0
Social Insurance Co. Share	475,320	410,664
Senior Management Salaries	8,212,007	5,079,181
Employees end of service reward	1,006,783	0
Catring expense	90,767	48,980
Overhead - Germany	805,538	539,918
Healthy insurance	565,143	412,429
Consumption of intangible assets	28,900	104,263
Depreciation of tangible assets	403,777	31,605
Office rent	2,378,468	1,449,067
Additional office charges	424,872	385,779
Cleaning	0	400
Chamber events	38,123	804,936
Contributions & fees	2,058,788	1,791,796
Travel & accommodation expenses	512,185	456,189
Telephone, Internet, Postage & Freight	323,807	322,408
Office Stationary	26,684	16,394
Office Supplies	99,310	104,879
Hotel expenses	213,837	222,357
Computer & softwre expenses	25,123	8,322
Printing expenses	69,027	69,284
Legal & consultancy expenses	1,639,351	424,862
Gas,Electricity & Water	3,148	3,631
Maintenance expenses	92,494	11,229
EU - Project	0	217,523
Other expenses	1,152,145	1,101,830
Bank charges	117,597	91,707
	<u>29,845,119</u>	<u>20,987,232</u>