

22nd April, 2021

The Committee Members
Institute of National Affairs Inc.
2nd Floor, IPA Haus
Konedobu

Dear Sirs,

Institute of National Affairs Inc. – Financial Statements 2019

We enclose a draft copy of the financial statements including the audit report for the year ended 31st December, 2019.

Please forward us a copy of the financial statements once the statement by councilors and treasurer have been signed.

Also attached is the management letter.

Should you have any queries, please do not hesitate to contact our office.

Yours faithfully,



Greg Berry, B.Com CPAPNG
Partner

INSTITUTE OF NATIONAL AFFAIRS INC.

FINANCIAL STATEMENTS

Draft
AND

REPORTS

FOR THE YEAR ENDED 31 DECEMBER 2019

INSTITUTE OF NATIONAL AFFAIRS INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

CONTENTS	Page No.
Statement by Councillors	1
Statement by the Treasurer	1
Independent Audit Report to the Members	2
Income and Expenditure Account	3
Balance Sheet	4
Cash Flow Statement	5
Notes to and Forming Part of the Accounts	6 to 8
Detailed Income and Expenditure Accounts	9 to 13

INSTITUTE OF NATIONAL AFFAIRS INC.
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 K	2018 K
RECEIPTS	<u>5,763,457</u>	<u>7,410,730</u>
INCOME	1,330,371	790,457
LESS EXPENSES	<u>1,546,517</u>	<u>1,549,809</u>
PROFIT/(LOSS)	(216,146)	(759,352)
Transfer of Net Grant Fixed Assets	52,295	-
Prior Year Adjustments	<u>-</u>	<u>37,487</u>
	(163,851)	(721,865)
Accumulated Funds - Beginning of Year	(340,672)	381,193
Total Available for Appropriation	(504,524)	(340,672)
Asset Revaluation Reserves	<u>-</u>	<u>-</u>
ACCUMULATED FUNDS as at 31st December 2019	<u>(504,524)</u>	<u>(340,672)</u>

The income and expenditure account is to be read in conjunction with the notes set out on pages 6 to 8

INSTITUTE OF NATIONAL AFFAIRS INC.

BALANCE SHEET

AS AT 31ST DECEMBER 2019

	NOTE	2019 K	2018 K
CURRENT ASSETS			
Cash on Hand		900	900
Cash at Bank	2	2,373,329	2,374,099
Debtors and Prepayments	3	1,350,529	1,322,248
		<u>3,724,757</u>	<u>3,697,247</u>
FIXED ASSETS	4	931,947	1,019,878
INVESTMENTS	5	197,818	197,818
TOTAL ASSETS		<u>4,854,523</u>	<u>4,914,943</u>
CURRENT LIABILITIES			
Trade Creditors & Accruals	6	1,729,763	1,286,903
Uncommitted Grants	7	2,748,620	3,193,567
Employee Provisions		490,851	433,353
		<u>4,969,234</u>	<u>4,913,823</u>
DEFERRED LIABILITIES			
Provision for Annual Leave		148,183	132,271
Provision for Long Service Leave		241,631	209,521
		<u>389,814</u>	<u>341,792</u>
TOTAL LIABILITIES		<u>5,359,048</u>	<u>5,255,615</u>
NET ASSETS		<u><u>(504,524)</u></u>	<u><u>(340,672)</u></u>
MEMBERS EQUITY			
RESERVES			
Asset Revaluation Reserve		-	-
Accumulated Funds		(504,524)	(340,672)
ACCUMULATED FUNDS		<u><u>(504,524)</u></u>	<u><u>(340,672)</u></u>

Signed on behalf of Councillors

.....

Dated at Port Moresby this day of 2021.

The balance sheet is to be read in conjunction with the notes set out on pages 6 to 8

INSTITUTE OF NATIONAL AFFAIRS INC.

CASH FLOW STATEMENT

	2019 K	2018 K
Cash Flow from operating activities		
Cash receipts from members and other revenue	1,407,609	1,083,657
Cash paid to suppliers and employees	(1,408,381)	(1,473,195)
Net Cash (utilised in)/ generated from operations	<u>(772)</u>	<u>(389,538)</u>
Cash flows from investing activities		
Transfer/Purchase of fixed assets	-	-
Interest received	-	-
Net cash from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from investments	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(772)	(389,539)
Cash and cash equivalents at beginning of the year	2,374,999	2,764,537
Cash and cash equivalents at the end of the year	<u>2,374,229</u>	<u>2,374,999</u>
Represented by:		
Bank and cash	2,374,229	2,374,999
Net Cash Generated from Operations	<u>2,374,229</u>	<u>2,374,999</u>
Operating Profit Income & Expenditure statement	(163,851)	(721,865)
Non cash items:		
Depreciation	<u>87,929</u>	<u>125,989</u>
	(75,922)	(595,875)
Net movements in current assets and liabilities:		
Debtors	252,353	(64,199)
Creditors	<u>(177,202)</u>	<u>270,537</u>
	<u>(772)</u>	<u>(389,538)</u>

The cash flow statement is to be read in conjunction with the notes set out on pages 6 to 8

INSTITUTE OF NATIONAL AFFAIRS INC.

NOTES TO, AND FORMING PART OF THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been made out in accordance with the requirements of the Papua New Guinea Companies Act and applicable Accounting Standards.

The accounting policies are consistent with those of the previous year, unless otherwise stated.

The Institute of National Affairs is incorporated under the Association Act and accordingly has no share capital.

The accounting methods adopted by the Institute are in accordance with the relevant accounting standards and disclosure requirements of the Papua New Guinea Institute of Accountants Inc and/or by law. They have been prepared on the basis of historical costs and do not take into account changing money values nor, except where stated, current valuations of non current assets. Unless otherwise stated, the accounting policies have been consistently applied.

Set out below is a summary of the significant accounting policies adopted by the Institute in the preparation of the accounts.

(a) Contributions / Member Subscriptions

Contributions received in advance are deferred and recognised as income in the year to which the contribution relates.

(b) Fixed Assets

Fixed Assets are shown in the accounts at historical costs. Profits or losses on disposal of major items of fixed assets other than operating plant are included in earnings as extraordinary items. Disposals of items of operating plant in the normal course of business are taken into account in arriving at the operating profit.

Depreciation is calculated using the diminishing value method at rates considered adequate to write off each asset over its expected useful life. Rates of depreciation used are those allowed by the taxation authorities. Additions are depreciated from the date of acquisition.

Depreciation rates used are:

Leasehold Improvements	10% & 20%	On cost
Motor Vehicles	25.00%	On written down value
Office Furniture & Fittings	25.00%	On written down value
Plant and Equipment	25.00%	On written down value

(d) Income Tax

The income tax of the Institute is exempted from tax pursuant to Section 25 of the Papua New Guinea Income Tax Act.

(e) Employee Benefits

Charges have been made against income for amounts expected to be paid to employees to cover entitlements for a leave fare, annual leave and long service leave.

(f) Income - Members Subscriptions

Member's subscription have been accounted for on an accrual basis, only where the subscriptions have been received after year end.

INSTITUTE OF NATIONAL AFFAIRS INC.

NOTES TO, AND FORMING PART OF THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 K	2018 K
2 (a) CASH AT BANK		
Bank South Pacific Main Account - 100586538	1,406,591	618,898
CIMC Bank South Pacific Account - 1001289336	371,412	108,452
FSVAC A/c# 7007108777	95,325	246,749
	1,873,329	974,099
2 (b) CASH ON DEPOSIT		
Heduru Moni Ltd/Moni Plus	500,000	1,400,000
	2,373,329	2,374,099
3 DEBTORS AND PREPAYMENTS		
Trade Debtors	591,801	789,404
Provision for doubtful	(150,000)	(150,000)
	441,801	639,404
Other Debtors	4,506	19,335
Interest Receivable	40,053	16,972
Prepayments	67,779	59,035
Rental Bonds	83,738	83,738
Staff Advances	134,373	100,601
GST Clearing	578,280	403,165
	1,350,529	1,322,248
4 FIXED ASSETS		
Leasehold Improvement - at Cost	857,460	857,460
Leasehold Improvements - at valuation	800,000	800,000
Less: Accumulated Depreciation	(1,013,719)	(933,259)
	643,741	724,201
Motor Vehicles - at Cost	364,430	364,430
Less: Accumulated Depreciation	(273,312)	(242,939)
	91,118	121,489
Library Assets at cost	19,662	-
Library Assets valuation	50,000	50,000
Less: Accumulated Depreciation	(33,000)	-
	36,662	50,000
Office Furniture & Equipment at Cost	726,342	687,111
Less: Accumulated Depreciation	(565,916)	(562,925)
	160,426	124,186
	931,947	1,019,876

The directors valuation of Fit-out and library was estimated at "fair value" in accordance with the International Accounting Standards.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
NOTES TO, AND FORMING PART OF THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2019

		K	K
5	Bank of South Pacific Ltd	99,952	99,952
	Oil Search Ltd	97,867	97,866
		<u>197,818</u>	<u>197,818</u>
	Shares At Market Value		
	Bank of South Pacific Ltd	-	304,660
	Oil Search Ltd	-	191,625
		<u>-</u>	<u>496,285</u>
6	TRADE & OTHER CREDITORS		
	Trade Creditors	479,586	282,297
	Sundry Creditors & Accruals	469,002	319,150
	Security Bonds Payables	44,288	44,288
	Wages Tax	736,887	641,167
		<u>1,729,763</u>	<u>1,286,903</u>
7	UNCOMMITTED GRANTS		
	Asia Foundation	84,426	84,426
	Australian Aid - SPSN/ABT	784,073	784,073
	British High Commission	35,304	35,304
	Coffey International	21,051	21,051
	Pay what you publish	2,790	-
	GoPNG	918,905	1,578,841
	Pacific Women	189,260	-
	UNFPA	22,299	22,299
	UNICEF	66,014	66,014
	MRA	197,700	197,700
	World Bank	95,200	98,423
	Other	331,599	305,437
		<u>2,748,620</u>	<u>3,193,568</u>

INSTITUTE OF NATIONAL AFFAIRS INC.

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 K	2018 K
INCOME		
Members Contributions	260,196	275,010
Administration Fee	192,000	242,000
Rental Income - Net Income	92,432	205,505
INA - Projects - Net Income	7,410	-
Directors and Consultation Fees	16,551	24,502
Dividend Income	46,071	40,281
Grant/Funding - ABT Associates	715,439	-
Grant/Funding - Other	272	3,159
Total Income	1,330,371	790,457

INSTITUTE OF NATIONAL AFFAIRS INC.
OVERHEAD EXPENSE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 K	2018 K
EXPENSES		
Advertising	252	5,335
Bad Debts Expense	-	(150,000)
Bank Charges	1,466	1,503
Conference Registrations	-	5,965
Consulting Fees	3,250	26,930
Depreciation	157,000	168,081
Donations	4,000	-
Insurance	78,553	78,827
Internet Cost	7,826	12,300
Internet Costs - Website	709	136
Library Asset	2,396	-
Meetings/Meals/Refreshments	15,202	6,171
Motor Vehicle Expenses - fuel & rego	20,856	9,175
Motor Vehicle Expenses - R&M	21,963	20,220
Office Equipment Expense	8,342	852
Office Furniture & Fittings	825	-
Postage, Printing Stationery & Courier	11,116	52,836
Rent & Outgoing Expenses - Office	229,149	240,524
Staff Expense - Salaries & Wages	615,579	625,174
Staff Expense -Casual	1,201	(3,651)
Staff Expense - Amenities	13,280	16,568
Staff Expense - Leave Fare	16,260	14,293
StaffExpense - LSL	24,425	45,351
Staff Expense - Rent	243,279	280,281
Staff Expense -Recruitment/Training/Transport	10,018	(1,112)
Staff Expense - Superannuation (INA Contribution)	21,931	26,447
Subscriptions and Membership Fees	13,173	21,093
Sundry Expense	-	600
Telephone	11,682	16,673
Training & Workshop & venue hire	2,754	650
Travel Expense	10,830	28,586
Prior Year Adjustments - Accommodation	(800)	-
Total Expenses	K1,546,517	K1,549,808

INSTITUTE OF NATIONAL AFFAIRS INC.
INCOME & EXPENDITURE STATEMENT - RENTAL
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 K	2018 K
Income		
Rental Income - Office	445,458	657,671
Rental Income - Conference Room	<u>375</u>	<u>538</u>
	<u>445,833</u>	<u>658,209</u>
Expenses		
Rent - Office Sublease	352,916	540,403
Repairs & maintenance - buildings	<u>486</u>	<u>0</u>
Total Expenses	<u>353,401</u>	<u>540,403</u>
Net Rents Profit/(Loss)	<u><u>92,432</u></u>	<u><u>117,806</u></u>

INSTITUTE OF NATIONAL AFFAIRS INC.

INCOME & EXPENDITURE STATEMENT - INA PROJECTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 K	2018 K
Income		
Grant/Funding - Mekong Economics Ltd	54,249	-
Grant/Funding - Smec International	-	9,000
	<u>54,249</u>	<u>9,000</u>
Expenses		
Bank charges	4	-
Consulting Fees	10,820	-
Meals & Refreshments	9,145	-
Participants Allowance	16,620	-
Postage,Printing,Stationery & Courier	492	-
Staff Expense -Salaries & wages	1,367	9,000
Technical Assistance	8,361	-
Telephone	30	-
	<u>46,839</u>	<u>9,000</u>
Total Expenses		
	<u>46,839</u>	<u>9,000</u>
Net INA Operating Profit/(Loss)	<u><u>7,410</u></u>	<u><u>-</u></u>

INSTITUTE OF NATIONAL AFFAIRS INC.
INCOME & EXPENDITURE STATEMENT - CIMC Core Secretariat
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 K	2018 K
Income		
Grant/Funding - European Union	-	2,966,219
Grant/Funding - GoPNG (European Union Co Funding)	-	524,629
Grant/Funding - GoPNG	2,509,936	894,512
Grant/Funding - UN Women-LEP	20,000	984,901
Grant/Funding - MRA	-	231,822
Grant/Funding - World Vision	384,959	328,162
Grant/Funding - FHI 360	-	109,759
Grant/Funding - Pacific Women	989,927	83,767
Grant/Funding - Publish What you pay	-	2,480
Grant/Funding - UN/UNDP	-	8,009
Grant/Funding - World Bank	44,297	47,102
Grant/Funding - Other	56,200	87,000
Sundry Income	27,527	27,214
	<u>4,032,846</u>	<u>6,295,576</u>
Expenses		
Administration Costs - Internal	192,000	192,000
Administration Costs -	-	50,000
Advertising	27,785	27,978
Audit & Accountancy Fees	-	12,500
Bank Charges	5,113	6,811
Consulting Fees	105,375	316,346
Facilitators & Trainers Fee	5,295	228,059
Forum & Meeting Expenses	11,757	8,972
Freight	9,435	6,543
Internet Cost	15,366	43,787
Meals/Refreshments	111,574	277,741
Motor Vehicle Expenses	77,665	80,474
Motor Vehicle - Grant asset	-	34,545
Office Equipment Expenses	45,013	18,159
Office Equipment - Grant asset	60,656	10,949
Participant Allowance	14,196	104,772
Postage, Printing & Stationery Expenses	108,660	181,082
Rent Expense - Office	331,965	252,749
Rent Expense - Office Outgoing Expenses	227,287	147,478
Staff Expense - Salaries & Wages	1,438,450	1,421,291
Staff Expense - Casuals	57,819	90,980
Staff Expense - Amenities	3,807	1,743
Staff Expense - LSL	37,399	24,221
Staff Expense - Super(INA Contrib)	74,006	69,886
Staff Expense - Training	15,600	-
Staff Expense - Transport	-	5,460
Subscriptions & memberships	2,950	462
Sundry expenses	2,006	-
Telephone	33,692	98,776
Travel expenses	657,252	1,370,329
Venue Hire	52,734	66,061
Total CIMC Operating Expenses	<u>3,724,857</u>	<u>5,150,154</u>
Other Expenses		
Transfer - Excess Grant Income	307,989	1,145,422
Total Other Expenses	<u>307,989</u>	<u>1,145,422</u>
Net CIMC Operating Surplus/(Deficit)	<u>-</u>	<u>-</u>