

INSTITUTE OF NATIONAL AFFAIRS INC

FINANCIAL STATEMENTS

AND

REPORTS

FOR THE YEAR ENDED 31 DECEMBER 2017

INSTITUTE OF NATIONAL AFFAIRS INC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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PAPUA NEW GUINEA

**INSTITUTE OF NATIONAL AFFAIRS INC
AUDITOR'S REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Scope

We have audited the attached financial report of the INSTITUTE OF NATIONAL AFFAIRS INC, for the financial year ended 31 December 2017, comprising of the Balance Sheet, the Income and Expenditure Statement and the Statement of Cashflows set out on pages 3 to 8. The Institute's Council is responsible for the preparation and presentation of the financial report and the information contained therein and we have determined that the accounting policies used are consistent with the financial reporting requirements of the Institute's constitution and are appropriate to meet the needs of the members. We have conducted an independent audit of the financial report in order to express that accounting policies used are appropriate to the needs of the members.

The financial report has been prepared for distribution to the members for the purpose of fulfilling the council's financial reporting requirements under the Institute's Constitution. We disclaim any assumption of responsibility for any reliance on this report or the financial report to which it relates to any person other than the members, or for any purpose other than which it was prepared.

Our audit has been conducted in accordance with International Standards on Auditing. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies described in Note.1 to the financial report.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report presents fairly in accordance with the accounting policies described in Note 1 to the Financial report the cash flows and Income & Expenditure of the Institute of National Affairs Inc., for the year ended 31 December 2017.

DATED at Port Moresby

JTH

day of

MARCH

2019.

DFK MAYBERRY

Chartered Accountants

BY : **MICHAEL MAYBERRY CSM MBE**

Registered under the Accountants Act 1996

INSTITUTE OF NATIONAL AFFAIRS INC.
INCOME AND EXPENDITURE STATEMENT

For the Year Ended 31st December 2017

	2017 K	2016 K
RECEIPTS	<u>7,293,904</u>	<u>9,547,540</u>
INCOME	914,008	1,589,646
LESS EXPENSES	1,638,371	1,897,368
PROFIT/(LOSS)	(724,364)	(307,723)
Transfer of Net Grant Fixed Assets	34,515	134,220
Transfer of GST Recovered to Reserves	<u>(689,849)</u>	<u>439,695</u>
	221,042	266,192
Accumulated Funds - Beginning of Year	221,042	(45,151)
Total Available for Appropriation	(468,807)	221,042
Asset Revaluation Reserve	850,000	
ACCUMULATED FUNDS as at 31st December 2017	<u>381,193</u>	<u>221,042</u>

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

INSTITUTE OF NATIONAL AFFAIRS INC.

BALANCE SHEET

As at 31st December 2017

	NOTE	2017 K	2016 K
CURRENT ASSETS			
Cash on Hand		900	900
Cash at Bank	2	2,764,536	3,850,815
Debtors and Prepayments	3	1,020,426	1,740,341
		<u>3,785,862</u>	<u>5,592,056</u>
FIXED ASSETS	4	1,145,867	329,603
INVESTMENTS	5	197,818	197,818
TOTAL ASSETS		<u>5,129,547</u>	<u>6,119,477</u>
CURRENT LIABILITIES			
Trade Creditors & Accruals	6	747,073	2,233,720
Uncommitted Grants	7	3,281,244	2,976,322
Employee Provisions		410,293	390,006
		<u>4,438,610</u>	<u>5,600,048</u>
DEFERRED LIABILITIES			
Provision for Annual Leave		128,060	107,938
Provision for Long Service Leave		181,683	190,449
		<u>309,743</u>	<u>298,387</u>
TOTAL LIABILITIES		<u>4,748,353</u>	<u>5,898,435</u>
NET ASSETS		<u>381,193</u>	<u>221,042</u>
MEMBERS EQUITY RESERVES			
Accumulated Funds		381,193	221,042
ACCUMULATED FUNDS		<u>381,193</u>	<u>221,042</u>

Signed on behalf of Councillors


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Dated at Port Moresby this day of 2019.

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

For the year ended 31st December, 2017

	2017 K	2016 K
Cash Flow from operating activities		
Cash receipts from members and other revenue	8,013,819	8,198,496
Cash paid to suppliers and employees	(6,553,644)	(6,948,221)
Net Cash (utilised in)/ generated from operations	<u>1,460,175</u>	<u>1,250,275</u>
Cash flows from investing activities		
Transfer/Purchase of fixed assets	56,522	112,980
Net cash from investing activities	<u>56,522</u>	<u>112,980</u>
Cash flows from financing activities	<u>(20,307)</u>	<u>(81,291)</u>
Proceeds from investments	<u>(20,307)</u>	<u>(81,291)</u>
Net increase (decrease) in cash and cash equivalents	1,496,389	1,281,964
Cash and cash equivalents at beginning of the year	3,851,715	2,748,116
Cash and cash equivalents at the end of the year	<u><u>5,348,104</u></u>	<u><u>4,030,080</u></u>
Represented by:		
Bank and cash	2,765,436	3,851,715
	<u><u>2,765,436</u></u>	<u><u>3,851,715</u></u>
Net Cash Generated from Operations		
Operating Profit Income & Expenditure statement	(724,364)	(307,723)
Non cash items:		
Depreciation	89,462	234,678
Unallocated Grant	304,922	228,767
Employee Provisions	(31,643)	(88,065)
Investments	-	19,633
Loss on sale of fixed asset/Transfer of fixed Assets	5,541	-
Interest Received	-	-
	<u>(356,081)</u>	<u>87,290</u>
Net movements in current assets and liabilities:		
Debtors	329,610	1,744,383
Creditors	<u>1,486,646</u>	<u>(581,398)</u>
	<u><u>1,460,175</u></u>	<u><u>1,250,275</u></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 31st December, 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been made out in accordance with the requirements of the Papua New 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

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

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	20.00%	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 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

Members' subscriptions have been accounted for on an accruals 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 31st December, 2017

	2017 K	2016 K
2 (a) CASH AT BANK		
Bank South Pacific Main Account - 100586538	832,055	98,604
CIMC Bank South Pacific Account - 1001289336	490,680	563,479
FSVAC A/c# 7007108777	316,848	296,256
FHI 360 Bank South Pacific Account -	24,954	(7,524)
	<u>1,664,536</u>	<u>950,815</u>
2 (b) CASH ON DEPOSIT		
IBD - Credit Corporation	1,100,000	2,900,000
	<u>2,764,536</u>	<u>3,850,815</u>
3 (a) DEBTORS AND PREPAYMENTS		
Trade Debtors	540,370	800,941
Other Debtors	5,106	31,606
Interest Receivable	17,406	16,872
Prepayments	62,827	69,399
Rental Bonds	83,738	86,238
Staff Advances	90,329	46,444
GST Clearing	220,650	688,841
	<u>1,020,426</u>	<u>1,740,341</u>
FIXED ASSETS		
4 Leasehold Improvement - at Cost	852,855	852,855
Library at Valuation	850,000	-
Less: Accumulated Depreciation	(851,241)	(847,600)
	<u>851,614</u>	<u>5,255</u>
 Motor Vehicles - at Cost	 329,884	 329,884
Less: Accumulated Depreciation	(205,628)	(164,210)
	<u>124,255</u>	<u>165,674</u>
 Office Furniture & Equipment at Cost	 671,677	 615,156
Less: Accumulated Depreciation	(501,680)	(456,482)
	<u>169,997</u>	<u>158,674</u>
	<u>1,145,868</u>	<u>329,603</u>
The directions valuation of Fit-out and Library was estimated at "fair value" in accordance with the International Accounting Standards.		
5 INVESTMENTS		
Shares At Cost		
Bank of South Pacific Ltd	99,952	99,952
Oil Search Ltd	97,866	97,866
	<u>197,818</u>	<u>197,818</u>
Shares At Market Value		
Bank of South Pacific Ltd	282,093	267,246
Oil Search Ltd	189,210	183,750
	<u>471,303</u>	<u>450,996</u>

The Institute has changed their Accounting policy on the Share Investment from 2016 disclosure at market value to disclosure at Cost.

INSTITUTE OF NATIONAL AFFAIRS INC.

NOTES TO, AND FORMING PART OF THE ACCOUNTS

For the year ended 31st December, 2017

	2017 K	2016 K
6 TRADE & OTHER CREDITORS		
Trade Creditors	305,107	606,325
GST Refund/Payable	-	-
Sundry Creditors & Accruals	84,393	155,381
Security Bonds Payables	41,623	71,165
Wages Tax	315,950	1,400,849
	<u>747,073</u>	<u>2,233,720</u>
7 UNCOMMITTED GRANTS		
Asia Foundation	84,426	84,626
Asian Development Bank		564
Australian Aid - SPSN	784,073	784,073
British High Commission	35,304	35,304
FHI 360	30,891	370
GoPNG	1,732,598	1,426,320
Australian Aid - EPSP	21,051	24,502
UNICEF	62,776	112,689
World Bank	101,228	54,326
Pacific Women	83,767	207,410
UNFPA	22,299	24,749
Other	317,562	211,156
Pay What You Publish	5,270	10,233
	<u>3,281,244</u>	<u>2,976,322</u>

INSTITUTE OF NATIONAL AFFAIRS INC.

INCOME STATEMENT

For the year ended 31st December 2017

	2017	2016
	K	K
INCOME		
Members Contributions	245,967	309,473
Administration Fee	192,000	192,000
Rental Income - Net Income	117,806	145,561
INA - Projects - Net Income	116,499	32,578
Directors and Consultation Fees	41,096	42,600
Dividend Income	35,138	27,750
Grant/Funding - Coffey International	23,751	815,000
Grant/Funding - Asia Dev.Bank	92,353	-
Grant/Funding - PGF	29,382	-
Grant/Funding - Other	7,004	10,129
Interest Income	6,061	13,709
Profit on Disposal of Asset(s)	-	(1,576)
Publication Sales	530	690
Miscellaneous Income	6,421	1,732
	<hr/>	<hr/>
Total Income	914,008	1,589,646
	<hr/>	<hr/>

INSTITUTE OF NATIONAL AFFAIRS INC.

OVERHEAD EXPENSE STATEMENT

For the year ended 31st December, 2017

	2017	2016
	K	K
EXPENSES		
Advertising	1,778	3,048
Audit & Accounting Fees	11,750	12,925
Bad Debts Expense	-	-
Bank Charges	1,898	3,372
Conference Registrations	-	3,041
Consulting Fees	49,366	59,089
Depreciation	89,462	234,678
Insurance	80,132	58,022
Internet Cost	18,452	40,330
Internet Costs - Website	1,947	588
Meetings/Meals/Refreshments	9,815	13,696
Motor Vehicle Expenses	14,671	16,784
Motor Vehicle Expenses - R&M	11,547	13,203
Office Equipment Expense	5,279	20,583
Office Furniture & Fittings	7,639	481
Postage, Printing Stationery & Courier	12,236	37,436
Rent & Outgoing Expenses - Office	269,314	358,758
Repairs & Maintenance - F&F	413	-
Staff Expense - Salaries & Wages	633,845	586,227
Staff Expense - Rent	327,501	285,537
Staff Expense - Amenities	5,114	14,939
Staff Expense - Leave Fare	20,122	20,122
Staff Expense - LSL	20,030	17,648
Staff Expense -Casual	1,431	203
Staff Expense -Recruitment/Training/Transport	(328)	(1,044)
Staff Expense - Superannuation (INA Contribution)	26,622	21,962
Subscriptions and Membership Fees	12,211	16,254
Sundry Expense	2,925	33
Telephone	21,289	15,457
Training & Workshop	720	9,283
Travel Expense - Accommodation	13,581	33,138
Prior Year Adjustments - Accommodation	(32,391)	1,575
Total Expenses	K1,638,371	K1,897,368

INSTITUTE OF NATIONAL AFFAIRS INC
INCOME & EXPENDITURE STATEMENT - RENTAL

For the year ended 31st December 2017

	2017	2016
	K	K
Income		
Rental Income - Office	658,209	821,395
	<u>658,209</u>	<u>821,395</u>
Expenditure		
Rent - Office Sublease	540,403	675,834
Total Expenses	<u>540,403</u>	<u>675,834</u>
Net Rents Profit/(Loss)	<u><u>117,806</u></u>	<u><u>145,561</u></u>

INSTITUTE OF NATIONAL AFFAIRS INC
INCOME & EXPENDITURE STATEMENT - INA PROJECTS

For the year ended 31st December 2017

	2017 K	2016 K
Income		
Consultation Fees	2,800	-
Directors Fee & Staff Appearance	-	19,250
Grant/Funding - Asian Development Bank	-	98,038
Grant/Funding - Exxon Mobile	9,461	64,400
Grant/Funding - Coffey International	-	569,106
Grant/Funding - PGF	154,511	-
Grant/Funding - SMEC International	239,473	-
Grant/Funding - Other	-	74,588
	<u>406,245</u>	<u>825,381</u>
Expense		
Bank Charges	1	581
Consulting Fees	6,000	213,621
Facilitators & Trainers Fees	-	25,000
Meals & Refreshments	292	15,346
Motor Vehicle Expenses - Fuel & Rego	850	1,172
Office Equipment Expenses	1,115	1,301
Office Equipment Expenses - Grant Asset	7,621	-
Participant Allowance	150	52,815
Printing & Stationery	3,597	31,461
Salaries and Wages	142,160	121,528
Staff Expense - Casuals	-	1,980
Staff Expense - LSL	-	836
Staff Expense - Superannuation (INA Contribution)	8,042	5,492
Staff Expense - Transport	(30)	(180)
Sundry Expenses	144	422
Survey Costs	6,480	2,506
Telephone	2,540	1,666
Travel Expense - Accommodation	41,395	121,348
Travel Expense - Air Fares	16,551	91,330
Travel Expense - Allowance	16,274	29,405
Travel Expense -MV /Taxi Hire	36,564	26,195
Venue Hire	-	15,201
Total Expense	<u>289,746</u>	<u>759,026</u>
Other Expense		
Transfer Excess Grant Income	-	-
Prior Year Adjustments	-	33,777
Total Other Expenses	<u>0</u>	<u>33,777</u>
Net INA Operating Profit/(Loss)	<u><u>116,499</u></u>	<u><u>32,578</u></u>

INSTITUTE OF NATIONAL AFFAIRS INC
INCOME & EXPENDITURE STATEMENT - CIMC Core Secretariat

For the year ended 31st December 2017

	2017 K	2016 K
Income		
Grant/Funding - European Union	2,492,256	-
Grant/Funding - GoPNG (European Union Co Funding)	256,460	-
Grant/Funding - GoPNG	1,468,713	2,686,479
Grant/Funding - FHI 360	91,272	107,404
Grant/Funding - Publish What you pay	4,963	118,146
Grant/Funding - SPSN		683,638
Grant/Funding - MRA	184,266	-
Grant/Funding - Pacific Women	207,410	1,258,000
Grant/Funding - UN/UNDP	57,767	-
Grant/Funding - UNFPA/UNICEF	154,297	252,336
Grant/Funding - World Bank	251,474	-
Grant/Funding - Other	113,065	107,884
Sundry Income	33,499	31,377
	<u>5,315,442</u>	<u>5,245,264</u>
Expenditure		
Administration Costs - Internal	192,000	218,900
Advertising	58,962	34,099
Bank Charges	3,425	4,335
Consulting Fees	89,282	59,050
Facilitators & Trainers Fee	10,050	8,868
Forum & Meeting Expenses	2,155	3,707
Freight	10,365	1,110
Internet Cost	34,823	66,845
Meals/Refreshments	297,159	155,644
Motor Vehicle Expenses	49,473	65,058
Motor Vehicle - Grant asset	-	142,242
Office Equipment Expenses	9,868	13,474
Office Equipment - Grant asset	32,175	53,211
Participant Allowance	114,054	44,351
Postage, Printing & Stationery Expenses	159,898	125,851
Rent Expense - Office	312,986	395,843
Rent Expense - Office Outgoing Expenses	190,690	182,838
Staff Expense - Salaries & Wages	1,183,983	1,287,746
Staff Expense - Casuals	4,885	2,703
Staff Expense - Amenities	-	6,833
Staff Expense - LSL	30,950	45,914
Staff Expense - Super(INA Contrib)	56,066	58,140
Staff Expense - Training	5,709	5,000
Staff Expense - Transport	(6,210)	(5,258)
Subscriptions & memberships	12,843	-
Sundry Expenses	9,511	6,297
Telephone	50,976	57,072
Travel Expenses	986,201	617,671
Venue Hire	54,849	49,294
Total CIMC Operating Expenses	<u>3,957,128</u>	<u>3,706,838</u>
Other Expense		
Transfer - Excess Grant Income	1,346,990	1,538,834
Prior Year Adjustments	11,324	408
Total Other Expenses	<u>1,358,314</u>	<u>1,539,242</u>
Net CIMC Operating Surplus/(Deficit)	<u>-</u>	<u>-</u>