

INSTITUTE OF NATIONAL AFFAIRS INC.

FINANCIAL STATEMENTS

AND

REPORTS

FOR THE YEAR ENDED 31 DECEMBER 2018

INSTITUTE OF NATIONAL AFFAIRS INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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

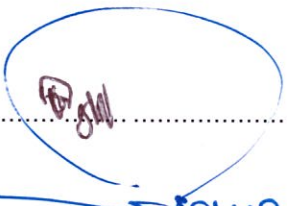

INSTITUTE OF NATIONAL AFFAIRS INC.

STATEMENT BY COUNCILLORS

FOR THE YEAR ENDED 31 DECEMBER 2018

In the opinion of the councillors of the Institute of National Affairs Inc., the Balance Sheet and Income & Expenditure Statement set out on pages 3 to 4 are drawn so as to give a true and fair view of the state of affairs of the Institute as at 31 December 2018 and of its results for the year then ended.

Dated at Port Moresby this 22nd day of April 2020.


.....)

.....)

)
) COUNCILLORS
)

STATEMENT BY THE TREASURER

I, Simon Brendling being the Treasurer of the Institute of National Affairs Inc. confirm that the balance sheet and income and expenditure account set out on pages 3 to 4 are to the best of my knowledge and belief, correct.

And I make this solemn declaration by virtue of the Oaths, Affirmations and Statutory Declaration Act (Chapter 317), conscientiously believing the statements contained therein to be true in every particular.

Declared at PORT MORESBY, Papua New Guinea
this 2020


..... Simon Brendling

Before Me:



Commissioner for Oaths
Lawyer and Commissioner for Oaths

**INSTITUTE OF NATIONAL AFFAIRS INC.
AUDITOR'S REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Scope

We have audited the attached financial report of the INSTITUTE OF NATIONAL AFFAIRS INC., for the financial year ended 31 December 2018, comprising of the Balance Sheet, the Income and Expenditure Statement and the Statement of Cashflows set out on pages 3 to 5. 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 2018.

DATED at Port Moresby 14th day of September, 2020.

DFK MAYBERRY
Chartered Accountants


By Greg Berry B.Com, CPA PNG
Managing Partner

INSTITUTE OF NATIONAL AFFAIRS INC.
INCOME AND EXPENDITURE STATEMENT
For the Year Ended 31st December 2018

	2018 K	2017 K
RECEIPTS	<u>7,410,730</u>	<u>7,293,904</u>
INCOME	790,457	914,008
LESS EXPENSES	<u>1,549,809</u>	<u>1,638,371</u>
PROFIT/(LOSS)	(759,352)	(724,364)
Transfer of Net Grant Fixed Assets	-	34,515
Prior Year Adjustments	<u>37,487</u>	<u>(689,849)</u>
	(721,865)	(689,849)
Accumulated Funds - Beginning of Year	381,193	221,042
Total Available for Appropriation	<u>(340,672)</u>	<u>(468,807)</u>
Asset Revaluation Reserves	-	850,000
ACCUMULATED FUNDS as at 31st December 2018	<u><u>(340,672)</u></u>	<u><u>381,193</u></u>

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

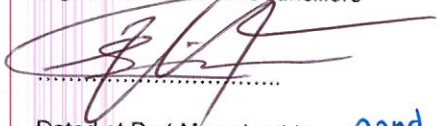
INSTITUTE OF NATIONAL AFFAIRS INC.

BALANCE SHEET

As at 31st December 2018

	NOTE	2018 K	2017 K
CURRENT ASSETS			
Cash on Hand		900	900
Cash at Bank	2	2,374,099	2,764,536
Debtors and Prepayments	3	1,322,248	1,020,426
		<u>3,697,247</u>	<u>3,785,862</u>
FIXED ASSETS	4	1,019,878	1,145,867
INVESTMENTS	5	197,818	197,818
TOTAL ASSETS		<u>4,914,943</u>	<u>5,129,547</u>
CURRENT LIABILITIES			
Trade Creditors & Accruals	6	1,286,903	747,073
Uncommitted Grants	7	3,193,567	3,281,245
Employee Provisions		433,353	410,294
		<u>4,913,823</u>	<u>4,438,612</u>
DEFERRED LIABILITIES			
Provision for Annual Leave		132,271	128,060
Provision for Long Service Leave		209,521	181,683
		<u>341,792</u>	<u>309,743</u>
TOTAL LIABILITIES		<u>5,255,615</u>	<u>4,748,355</u>
NET ASSETS		<u>(340,672)</u>	<u>381,193</u>
MEMBERS EQUITY			
RESERVES			
Asset Revaluation Reserve		-	-
Accumulated Funds		(340,672)	381,193
ACCUMULATED FUNDS		<u>(340,672)</u>	<u>381,193</u>

Signed on behalf of Councillors



Simon Brendling

Dated at Port Moresby this 22nd day of April 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

	2018 K	2017 K
Cash Flow from operating activities		
Cash receipts from members and other revenue	543,743	5,424,189
Cash paid to suppliers and employees	(933,281)	(6,553,644)
Net Cash (utilised in)/ generated from operations	<u>(389,538)</u>	<u>(1,129,455)</u>
Cash flows from investing activities		
Transfer/Purchase of fixed assets	-	56,522
Interest received	-	6,061
Net cash from investing activities	<u>-</u>	<u>62,583</u>
Cash flows from financing activities		
Proceeds from investments	-	(20,307)
	<u>-</u>	<u>(20,307)</u>
Net increase (decrease) in cash and cash equivalents	(389,538)	(1,087,179)
Cash and cash equivalents at beginning of the year	2,764,536	3,851,715
Cash and cash equivalents at the end of the year	<u><u>2,374,999</u></u>	<u><u>2,764,536</u></u>
Represented by:		
Bank and cash	2,374,999	2,764,536
Net Cash Generated from Operations	<u><u>2,374,999</u></u>	<u><u>2,764,536</u></u>
 Operating Profit Income & Expenditure statement	 (721,865)	 (689,849)
Non cash items:		
Depreciation	125,989	89,462
Unallocated Grant	-	276,468
Employee Provisions	-	(31,643)
Loss on sale of fixed asset/Transfer of fixed Assets	-	5,541
Interest Received	-	(6,061)
	<u>(595,875)</u>	<u>(356,081)</u>
Net movements in current assets and liabilities:		
Debtors	(64,199)	329,610
Creditors	<u>270,537</u>	<u>(1,102,981)</u>
	<u><u>(389,538)</u></u>	<u><u>(1,129,452)</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, 2018

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 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 31st December, 2018

		2018 K	2017 K
2	(a) CASH AT BANK		
	Bank South Pacific Main Account - 100586538	618,898	832,055
	CIMC Bank South Pacific Account - 1001289336	108,452	490,680
	FSVAC A/c# 7007108777	246,749	316,848
	FHI 360 Bank South Pacific Account -	-	24,953
		<u>974,099</u>	<u>1,664,536</u>
2	(b) CASH ON DEPOSIT		
	IBD - Credit Corporation	-	1,100,000
	Heduru Moni Ltd/Moni Plus	1,400,000	-
		<u>2,374,099</u>	<u>2,764,536</u>
3	(a) DEBTORS AND PREPAYMENTS		
	Trade Debtors	789,404	840,370
	Provision for doubtful	(150,000)	(300,000)
		<u>639,404</u>	<u>540,370</u>
	Other Debtors	19,335	5,106
	Interest Receivable	16,972	17,406
	Prepayments	59,035	62,827
	Rental Bonds	83,738	83,738
	Staff Advances	100,601	90,329
	GST Clearing	403,165	220,650
		<u>682,844</u>	<u>480,056</u>
4	FIXED ASSETS		
	Leasehold Improvement - at Cost	857,460	852,855
	Leasehold Improvements - at valuation	800,000	800,000
	Less: Accumulated Depreciation	(933,259)	(851,241)
		<u>724,201</u>	<u>801,614</u>
	Motor Vehicles - at Cost	364,430	329,884
	Less: Accumulated Depreciation	(242,939)	(205,628)
		<u>121,491</u>	<u>124,255</u>
	Office Furniture & Equipment at Cost	687,111	676,162
	Library Assets valuation	50,000	50,000
	Less: Accumulated Depreciation	(562,925)	(506,165)
		<u>174,186</u>	<u>219,997</u>
		<u>1,019,878</u>	<u>1,145,867</u>
	The directors valuation of Fit-out and library was estimated at "fair value" in accordance with the International Accounting Standards.		
5	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	304,660	282,093
	Oil Search Ltd	191,625	189,210
		<u>496,285</u>	<u>471,303</u>

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

For the year ended 31st December, 2018

	K	K
6		
TRADE & OTHER CREDITORS		
Trade Creditors	282,297	305,106
Sundry Creditors & Accruals	319,150	84,394
Security Bonds Payables	44,288	41,623
Wages Tax	641,167	315,950
	<u>1,286,903</u>	<u>747,073</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
FHI 360	-	30,891
GoPNG	1,578,841	1,732,598
Pacific Women	-	83,767
UNFPA	22,299	-
UNICEF	66,014	62,776
MRA	197,700	-
World Bank	98,423	101,228
Other	305,436	345,131
	<u>3,193,567</u>	<u>3,281,245</u>

INSTITUTE OF NATIONAL AFFAIRS INC.

INCOME STATEMENT

For the year ended 31st December 2018

	2018 K	2017 K
INCOME		
Members Contributions	275,010	245,967
Administration Fee	242,000	192,000
Rental Income - Net Income	205,505	117,806
INA - Projects - Net Income	-	116,499
Directors and Consultation Fees	24,502	41,096
Dividend Income	40,281	35,138
Grant/Funding - Coffey International	-	23,751
Grant/Funding - Asia Dev.Bank	-	92,353
Grant/Funding - PGF	-	29,382
Grant/Funding - Other	3,159	7,004
Interest Income	-	6,061
Publication Sales	-	530
Miscellaneous Income	-	6,421
Total Income	790,457	914,008

INSTITUTE OF NATIONAL AFFAIRS INC.
OVERHEAD EXPENSE STATEMENT

For the year ended 31st December, 2018

	2018 K	2017 K
EXPENSES		
Advertising	5,335	1,778
Audit & Accounting Fees	-	11,750
Bad Debts Expense	(150,000)	-
Bank Charges	1,503	1,898
Conference Registrations	5,965	-
Consulting Fees	26,930	49,366
Depreciation	168,081	89,462
Insurance	78,827	80,132
Internet Cost	12,300	18,452
Internet Costs - Website	136	1,947
Meetings/Meals/Refreshments	6,171	9,815
Motor Vehicle Expenses - fuel & rego	9,175	14,671
Motor Vehicle Expenses - R&M	20,220	11,547
Office Equipment Expense	852	5,279
Office Furniture & Fittings	-	7,639
Postage, Printing Stationery & Courier	52,836	12,236
Rent & Outgoing Expenses - Office	240,524	269,314
Repairs & Maintenance - F&F	-	413
Staff Expense - Salaries & Wages	625,174	633,845
Staff Expense -Casual	(3,651)	1,431
Staff Expense - Amenities	16,568	5,114
Staff Expense - Leave Fare	14,293	20,122
StaffExpense - LSL	45,351	20,030
Staff Expense - Rent	280,281	327,501
Staff Expense -Recruitment/Training/Transport	(1,112)	(328)
Staff Expense - Superannuation (INA Contribution)	26,447	26,622
Subscriptions and Membership Fees	21,093	12,211
Sundry Expense	600	2,925
Telephone	16,673	21,289
Training & Workshop & venue hire	650	720
Travel Expense	28,586	13,581
Prior Year Adjustments - Accommodation	-	(32,391)
Total Expenses	K1,549,808	K1,638,371

INSTITUTE OF NATIONAL AFFAIRS INC.
INCOME & EXPENDITURE STATEMENT - RENTAL

For the year ended 31st December 2018

	2018 K	2017 K
Income		
Rental Income - Office	521,080	657,671
Rental Income - Conference Room	<u>122</u>	<u>538</u>
	<u>521,202</u>	<u>658,209</u>
Expenditure		
Rent - Office Sublease	<u>315,697</u>	<u>540,403</u>
Total Expenses	<u>315,697</u>	<u>540,403</u>
Net Rents Profit/(Loss)	<u><u>205,505</u></u>	<u><u>117,806</u></u>

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

For the year ended 31st December 2018

	2018 K	2017 K
Income		
Consultation Fees	-	2,800
Grant/Funding - Exxon Mobile	-	9,461
Grant/Funding - Coffey International	-	154,511
Grant/Funding - PGF	-	239,473
Grant/Funding - SMEC International	9,000	-
	<u>9,000</u>	<u>406,245</u>
Expense		
Bank charges	-	1
Consulting Fees	-	6,000
Meals & Refreshments	-	292
Motor Vehicle Expenses - Fuel & Rego	-	850
Office Equipment Expenses	-	1,115
Office Equipment Expenses - Grant Asset	-	7,621
Participant Allowance	-	150
Printing & Stationery	-	3,597
Salaries and Wages	9,000	142,160
Staff Expense - Superannuation (INA Contribution)	-	8,042
Staff Expense - Transport	-	(30)
Sundry Expenses	-	144
Survey Costs	-	6,480
Telephone	-	2,540
Travel Expense - Accommodation	-	41,395
Travel Expense - Air Fares	-	16,551
Travel Expense - Allowance	-	16,274
Travel Expense -MV /Taxi Hire	-	36,564
Total Expense	<u>9,000</u>	<u>289,746</u>
Net INA Operating Profit/(Loss)	<u>-</u>	<u>116,499</u>

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

For the year ended 31st December 2018

	2018 K	2017 K
Income		
Grant/Funding - European Union	2,966,219	2,492,256
Grant/Funding - GoPNG (European Union Co Funding)	524,629	256,460
Grant/Funding - GoPNG	894,512	1,468,713
Grant/Funding - UN Women-LEP	984,901	-
Grant/Funding - MRA	231,822	184,266
Grant/Funding - World Vision	328,162	-
Grant/Funding - FHI 360	109,759	91,272
Grant/Funding - Pacific Women	83,767	207,410
Grant/Funding - Publish What you pay	2,480	4,963
Grant/Funding - UN/UNDP	8,009	57,767
Grant/Funding - UNFPA/UNICEF	-	154,297
Grant/Funding - World Bank	47,102	251,474
Grant/Funding - Other	87,000	113,065
Sundry Income	27,214	33,499
	<u>6,295,576</u>	<u>5,315,442</u>
Expenditure		
Administration Costs - Internal	192,000	192,000
Administration Costs -	50,000	-
Advertising	27,978	58,962
Audit & Accountancy Fees	12,500	-
Bank Charges	6,811	3,425
Consulting Fees	316,346	89,282
Facilitators & Trainers Fee	228,059	10,050
Forum & Meeting Expenses	8,972	2,155
Freight	6,543	10,365
Internet Cost	43,787	34,823
Meals/Refreshments	277,741	297,159
Motor Vehicle Expenses	80,474	49,473
Motor Vehicle - Grant asset	34,545	-
Office Equipment Expenses	18,159	9,868
Office Equipment - Grant asset	10,949	32,175
Participant Allowance	104,772	114,054
Postage, Printing & Stationery Expenses	181,082	159,898
Rent Expense - Office	252,749	312,986
Rent Expense - Office Outgoing Expenses	147,478	190,690
Staff Expense - Salaries & Wages	1,421,291	1,183,983
Staff Expense - Casuals	90,980	4,885
Staff Expense - Amenities	1,743	-
Staff Expense - LSL	24,221	30,950
Staff Expense - Super(INA Contrib)	69,886	56,066
Staff Expense - Training	-	5,709
Staff Expense - Transport	5,460	(6,210)
Subscriptions & memberships	462	12,843
Sundry expenses	-	9,511
Telephone	98,776	50,976
Travel expenses	1,370,329	986,201
Venue Hire	66,061	54,849
Total CIMC Operating Expenses	<u>5,150,154</u>	<u>3,957,128</u>
Other Expense		
Transfer - Excess Grant Income	1,145,422	1,346,990
Prior Year Adjustments	-	11,324
Total Other Expenses	<u>1,145,422</u>	<u>1,358,314</u>
Net CIMC Operating Surplus/(Deficit)	<u>-</u>	<u>-</u>