Financial Statement
2014

“Pathways Towards Resilience”
The g7+ Secretariat
Annual Financial Statements
Period ended 31 December 2014
The g7+ Secretariat
General Information
31 December 2014

The g7+
Chair of g7+  His Excellency Kaifala Marah
Deputy Chair of g7+  His Excellency Michel Presume

The g7+ Secretariat
General Secretary of Secretariat  Dr Helder da Costa
Deputy General Secretary  Mr Habib Mayar
Headquarters  Ministry of Finance
Palácio do Governo, Cobe House 2nd Floor,
Avenida Presidente Nicolau Lobato
Dili, Timor-Leste

Current g7+ Member countries
Afghanistan
Barundi
Central African Republic
Chad
Comoros
Cote D’Ivoire
Democratic Republic of Congo
Guinea
Guinea-Bissau
Haiti
Liberia
Papua New Guinea
Sao Tome and Principe
Sierra Leone
Solomon Islands
Somalia
South Sudan
Timor-Leste
Togo
Yemen

Independent Auditor  Deloitte Unipessoal Lda
Website  http://www.g7plus.org/
BACKGROUND
The g7+ Secretariat (hereafter the “Secretariat”) facilitates the development of the activities of the g7+. The Secretariat of g7+ is hosted by the Ministry of Finance of the Republic of Timor-Leste and undertakes its role pursuant to the Memorandum of Understanding (MoU) signed between the Government of the Democratic Republic of Timor-Leste and the Secretariat on the 28th February 2014. In June 2014, the g7+ charter was signed and ratified by all member countries.

Funding for the g7+, effected through the Secretariat, was approved as part of the State Budget Law 2014 no. 2/2014 approving an amount of USD $2,500,000 as a grant to support the operational activities of the g7+.

The g7+ is a voluntary association of countries that are or have been affected by conflict and are now in transition to the next stage of development. The main objective of the g7+ is to share experience and learn from one another, and to advocate for reforms to the way the international community engages in conflict-affected states.

FINANCIAL STATEMENTS
The Financial Statements have been prepared in accordance with the accounting policies as detailed in Note 1. This is the first period of operations for the Secretariat, as such there are no comparatives presented.

RESULTS FOR THE YEAR
During the period to December 2014, the Secretariat received $4.5m in grant and contribution income. This consisted of a special $2m donation from the Timor-Leste government to countries affected by the Ebola crisis administered and effect through the Secretariat, in addition to the $2.5m grant for the operations of the Secretariat. Total expenditure was $3.1m which represents an execution rate of 68%.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS
This is the first period of operations of the Secretariat, and there have been no significant changes in state of affairs as intended in the g7+ charter or the MoU with the Timor-Leste government.

APPROVAL OF FINANCIAL STATEMENT
The accompanying financial statements for the period ended 31 December 2014 have been approved on behalf of the Secretariat by:

Dr Helder Da Costa
General Secretary
The g7+ Secretariat
31 July 2015
Independent Auditor’s Report
to the General Secretary of the g7+ Secretariat

We have audited the accompanying Statement of Cash Receipts and Payments (the “Statement”) of the g7+ Secretariat for the ten month period ended 31 December 2014, Note 1 comprising a summary of significant accounting policies, and other explanatory information as set out on pages five to eight. The Statement has been prepared in accordance with the cash basis of accounting.

Management’s Responsibility for the financial statements

Management is responsible for compliance with the requirements of the Memorandum of Understanding signed with the Government of Timor-Leste and the preparation and fair presentation of the Statement and has determined that the accounting policies described in Note 1, are appropriate to meet the financial reporting requirements of the Memorandum of Understanding.

Management’s responsibility also includes such internal control as management determine is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of the Statement, 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 Statement.

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

In our opinion, the Statement presents fairly, in all material respects, cash receipts and payments of the g7+ Secretariat for the ten month period ended 31 December 2014 in accordance with the basis of accounting described in Note 1 to the Statement.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the Statement, which describes the basis of accounting. The Statement has been prepared to assist the g7+ Secretariat to meet the financial reporting requirements of the Memorandum of Understanding. As a result, the Statement may not be suitable for another purpose.

Other matter

We draw to your attention that our audit of donations includes payments to the recipients receiving the monies from the Secretariat, but excludes the recipients' use of the monies received.

Deloitte

Chartered Accountants
Dili, Timor-Leste
31 July 2015
The G7+ Secretariat

Statement of Cash Receipts and Payments
For the period ended 31 December 2014

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>Note</th>
<th>US $ 000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RECEIPTS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant income</td>
<td>4,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td>2</td>
<td></td>
<td>4,515</td>
</tr>
<tr>
<td><strong>PAYMENTS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefit costs</td>
<td>(191)</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Local travel costs</td>
<td>(23)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conference and event costs</td>
<td>(771)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Administrative costs</td>
<td>(119)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td>(2,000)</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td><strong>Total Payments</strong></td>
<td></td>
<td></td>
<td>(3,104)</td>
</tr>
<tr>
<td><strong>Total Increase in cash</strong></td>
<td>1,411</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the period</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the period</strong></td>
<td>5</td>
<td></td>
<td>1,411</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements

1. Accounting Policies

General
The operations of the g7+ Secretariat was formalised under the Memorandum of Understanding promulgated between the Government of the Democratic Republic of Timor-Leste and the Secretariat on the 28th February 2014. The g7+ Secretariat was established by the g7+ Charter Article 5.1 which was signed in June 2014.

This is the first period of operations for the Secretariat.

The primary role of the Secretariat is to provide policy advice, coordination and assistance in implementing the decision of the g7+ Ministerial Forum and to coordinate with the focal Ministries of each Member state of the g7+.

Basis of preparation
The Secretariat’s policy is to prepare its financial statements on a cash basis. On this basis revenue is recognized when deposited into the Secretariat’s bank account rather than when earned, and expenses are recognized when paid rather than when incurred. The accounting policies have been applied consistently throughout the period.

Reporting entity
The reporting entity is the g7+ Secretariat.

Reporting currency
The reporting currency is United States Dollars (US$).

Foreign currency translation
Foreign currency transactions are translated into the functional currency using actual amount of currency paid to settle the transaction.

Authorisation Date
The financial statements were authorised for publication on 31 July 2015 by Dr Helder De Costa, Secretary General of the g7+ Secretariat.

Cash and cash equivalents
Cash comprises demand deposits and cash equivalents. The Budget and Financial Management Law (13/2009) sets out in Article 15. Part 2, the requirements for operating official bank accounts.

Minor Capital
Purchases of minor capital have been expensed as they have been paid for.
The g7+ Secretariat  
Notes to the Financial Statements  
For the period ended 31 December 2014

Notes to the Financial Statements (continued)

1. Accounting Policies (continued)
   Receipts
   Receipts are recognised on a cash basis, the Secretariat’s has two sources of income.  
The main source of income is from the Timor-Leste government being the annual  
grant amount. This was paid to the Secretariat in one payment at the beginning of the  
year.

   Payments
   Payments are recognised on a cash basis, the Secretariat’s payments comprise  
payments to employees for salaries, allowances and to external suppliers for provision  
of goods and services.

   Taxation
   The Secretariat is exempt from paying taxes on income and withholding tax under the  
current system of taxation in the Democratic Republic of East Timor.

2. Receipts
   The g7+ Secretariat has two main sources of income. The first is grant income from  
the Timor-Leste government which totalled the $4.5m in 2014 consisting of a $2.5m  
grant in line with the Memorandum of Understanding and in the current year, a $2m  
grant for the donation to the governments of Guinea, Liberia and Sierra Leone for the  
provision of medical aid in the fight against the Ebola crisis.

   In addition to grant income, each member state of the g7+ shall be encouraged to  
make financial contributions to fund its activities and in particular to permit the  
proper functioning of the Secretariat. The contribution income policy is voluntary for  
member countries. In 2014 one member country paid this contribution.

3. Conference and events
   During the year, the g7+ Secretariat facilitated the following conferences and incurred  
expenditures as follows:

<table>
<thead>
<tr>
<th>Event</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministerial Meeting in Lome</td>
<td>185</td>
</tr>
<tr>
<td>Global Partnership Ministerial Meeting</td>
<td>14</td>
</tr>
<tr>
<td>World Bank/IMF Spring Meetings</td>
<td>217</td>
</tr>
<tr>
<td>g7+ Heads of State Summit</td>
<td>117</td>
</tr>
<tr>
<td>G20 Meeting &amp; g7+ Technical Meeting</td>
<td>43</td>
</tr>
<tr>
<td>IDPS Global Meeting</td>
<td>109</td>
</tr>
<tr>
<td>Technical Meeting</td>
<td>55</td>
</tr>
<tr>
<td>Other Meetings</td>
<td>31</td>
</tr>
<tr>
<td>Total</td>
<td>771</td>
</tr>
</tbody>
</table>

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Notes to the Financial Statements (continued)

4. Donations
   In 2014, the G7 Secretariat paid a $2m donation to the Ebola-affected countries of
   Guinea, Liberia and Sierra Leone. This donation was funded by a special grant of $2m
   from the Democratic Republic of Timor-Leste to the G7 for the purposes of
   providing swift medical aid to the citizens of the abovementioned countries.

5. Cash and cash equivalents
   Cash comprises of cash on hand and demand deposits. Demand deposits consist of
   balances with banks.

<table>
<thead>
<tr>
<th></th>
<th>2014 US $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at Bank</td>
<td>1,397</td>
</tr>
<tr>
<td>Cash on hand</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,411</strong></td>
</tr>
</tbody>
</table>

6. Subsequent events
   No subsequent events have occurred after the reporting date but prior to the issuance
   of the financial statements that have a material effect on the financial statements and
   therefore required adjustment or disclosure in the statements.
The g7+ Plus
Address  : Kobe House 2nd Floor, Ministry of Finance, Dili, Timor - Leste
Telephone: (+670) 3310126, (+670) 77997727
Email     : g7plus.secretariat@gmail.com
Facebook : The g7plus
Twitter  : @g7plus
Website  : www.g7plus.org