



**The g7+ Secretariat**  
**Annual Financial Statements**  
**Year ended 31 December 2016**

**The g7+ Secretariat  
General Information  
31 December 2016**

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**The g7+**

**Chair of g7+**

His Excellency Momodu L. Kargbo (from May 2016)

**Deputy Chair of g7+**

His Excellency Michel Presume

**The g7+ Secretariat**

**General Secretary of Secretariat**

**Deputy General Secretary**

**Headquarters**

Dr Helder da Costa

Mr Habib U. Mayar

Ministry of Finance

Palácio do Governo, Cobe House 2<sup>nd</sup> Floor,

Avenida Presidente Nicolau Lobato

Dili, Timor-Leste

**Current g7+ Member countries**

Afghanistan

Burundi

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

**Banks**

Bank Mandiri

ANZ

**Independent Auditor**

Deloitte Unipessoal Lda

**Website**

<http://www.g7plus.org/>

**The g7+ Secretariat  
Statement by the General Secretary  
For the year ended 31 December 2016**

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## **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 g7+ Charter and Memorandums of Understanding (MoU) signed between the Government of the Democratic Republic of Timor-Leste and the Secretariat. Funding for the g7+ was approved as part of the State Budget Law 2015 no. 1/2015 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.

## **RESULTS FOR THE YEAR**

During the year to 31 December 2016, the Secretariat received \$3,250,000 in grant and contribution income. This consisted of a special \$1,000,000 donation from the Timor-Leste government to Central African Republic (CAR) to provide aid to relocate displaced people, in addition to the \$2,250,000 grant for the operations of the Secretariat. Total expenditure was \$1,780,508 excluding the donation to Central African Republic (CAR).

## **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

This was the third period of operations of the Secretariat, and there were no significant changes in its state of affairs during 2016.

## **APPROVAL OF FINANCIAL STATEMENT**

The accompanying financial statements for the year ended 31 December 2016 have been approved on behalf of the Secretariat by:

A blue circular stamp with the text "General Secretary" at the top, "g7+ Secretariat" in the center, and "Dili, Timor-Leste" at the bottom. A handwritten signature in blue ink is written across the stamp.

**Dr Helder Da Costa**  
**General Secretary**  
**The g7+ Secretariat**  
**18 December 2017**

## **Independent Auditor's Report to the General Secretary of the g7+ Secretariat**

### *Opinion*

We have audited the financial statements of the g7+ Secretariat for the year ended 31 December 2016, which comprises the Statement of Cash Receipts and Cash Payments for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Statement by the General Secretary which includes a Statement of Approval of the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the g7+ Secretariat as at 31 December 2016 and of its cash receipts and payments for the year then ended; in accordance with the cash basis of accounting.

### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the g7+ Secretariat in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants* (IESBA Code). We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use*

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling management's financial reporting responsibilities under the Memorandum of Understanding (MoU) between Government of Timor-Leste and the g7+ Secretariat. Our report is intended solely for the Minister of Planning and Finance of Timor-Leste and should not be distributed to or used by any other parties. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### *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.

### *Responsibilities of Management and for the Financial Statements*

Management of the g7+ Secretariat is responsible for the preparation and fair presentation of the financial statements and has determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the MoU. Management's responsibility also includes such internal control as they determine is necessary to enable the preparation of the financial statements that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of the g7+ Secretariat to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 g7+ Secretariat's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the g7+ Secretariat's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Deloitte  
18 December 2017  
Dili

**The g7+ Secretariat**  
**Statement of Cash Receipts and Payments**  
**For the year ended 31 December 2016**

	Note	2,016 US\$	2,015 US\$
<b>RECEIPTS</b>			
Grant income from Government of Timor-Leste		2,250,000	2,500,000
Donation received from the Government of Timor-Leste		1,000,000	1,000,000
Reimbursement of expenditure by third parties		39,704	129,982
Proceeds from sale of motor cycle		0	1,000
Interest earned on bank account		10,064	0
<b>Total Receipts</b>	2	3,299,768	3,629,982
<b>PAYMENTS</b>			
Salaries and benefit costs		332,136	304,509
Local travel costs		132	6,759
Conference and event costs	3	1,319,310	1,022,144
Administrative costs		116,602	120,334
Other Expenses		12,330	29,894
Donation Paid on behalf of the Government of Timor-Leste	4	1,000,000	1,000,000
<b>Total Payments</b>		2,780,508	2,483,640
Increase in cash and cash equivalents		519,258	1,146,342
Cash and cash equivalents at beginning of year		2,556,903	1,410,561
<b>Cash and cash equivalents at end of year</b>	5	<b>3,076,161</b>	<b>2,556,903</b>

**The g7+ Secretariat**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2016**

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## **Notes to the Financial Statements**

### **1. Accounting Policies**

#### **General**

g7+ is an intergovernmental organization which is supported by the g7+ 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+. The financial statements have been prepared for the purpose of fulfilling management's financial reporting responsibilities under the Memorandum of Understanding (MoU) between Government of Timor-Leste and the g7+ Secretariat.

#### **Financial Regulations**

The General Secretary approved financial regulations on 1 July 2014 but as yet not all financial regulations have been implemented including the financial reporting requirements and those regulations relating to cash advances to staff and cash acquittals.

#### **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 year.

#### **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 18 December 2017 by Dr Helder Da Costa, General Secretary of the g7+ Secretariat.

**The g7+ Secretariat**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2016**

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**Notes to the Financial Statements (*continued*)**

**1. Accounting Policies (*continued*)**

**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, and the requirements for operating official bank accounts.

All advances are funds advanced to staff, which are to be acquitted upon provision of receipts or repayment of funds. All advances are current assets and required to be repaid within a year. Credit and debit card balances shown are not in the name of the g7+ but rather in the name of the holders of the cards.

**Receipts**

Receipts are recognised on a cash basis, which means they are recognised when received rather than when earned

*Grant income from Government of Timor-Leste*

The g7+ Secretariat receives a grant on an annual basis from the Government of Timor-Leste for the activities and operations of the g7+.

*Contributions*

Each member state of the g7+ is 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 2016 and 2015 no member country paid any contributions.

*Donation received from the Government of Timor-Leste*

On the request of the Government of Timor-Leste, the g7+ Secretariat acted as conduit and thus received donor funding from the Government of Timor-Leste and channeled to other countries on behalf of the Government of Timor-Leste.

*Reimbursement of expenditure by third parties*

Reimbursements of expenditure is made by donor organisations for g7+ events.

*Interest earned on deposit*

Interest is earned on deposits at market rates. Interest is recognized on receipt.

**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. Withholding taxes on certain payments to suppliers and Wages Income Tax on Employee Salaries and Wages are payable under the current system of taxation in the Democratic Republic of Timor-Leste.



**The g7+ Secretariat**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2016**

**Notes to the Financial Statements (continued)**

**2. Receipts**

	<b>2016</b>	<b>2015</b>
	<b>US\$</b>	<b>US\$</b>
<i>During the year, the g7+ Secretariat received the following receipts:</i>		
Grant from Government of Timor-Leste for operational use	2,250,000	2,500,000
Donation from the Government of Timor-Leste paid to:		
Central African Republic	1,000,000	1,000,000
Reimbursement of expenditure by:		
United Nations Development Programme (UNDP)	27,594	46,727
Overseas Development Institute (ODI)	3,255	3,886
International Labour Organization (ILO)	4,411	64,958
Other	4,444	13,410
Proceeds from sale of motor cycle	-	1,000
Interest earned on Deposit at Mandiri Bank	10,064	-
	<b>3,299,768</b>	<b>3,629,981</b>

**3. Conferences, meetings and events**

*During the year, the g7+ Secretariat paid the following amounts relating to conferences, meetings and events:*

World Bank/IMF Spring & Annual Meetings	74,598	36,261
g7+ Technical Meeting	149,244	153,872
IDPS Global Meeting	185,422	93,031
Fragile to fragile Corporation	211,989	234,285
Ministerial meeting	308,619	925
FCV Forum World Bank	74,147	0
UNGA	137,586	141,470
Policy Advocacy National Level	56,573	362,301
High Level Political Forum	33,050	0
World Humanitarian Summit	88,082	0
	<b>1,319,310</b>	<b>1,022,144</b>

**The g7+ Secretariat**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2016**

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**Notes to the Financial Statements (continued)**

**4. Donation paid on behalf of Government of Timor-Leste**

In 2016 and 2015 the g7+ Secretariat paid \$1 million to the Central African Republic (CAR) government. The amounts donated were received from the Government of Timor-Leste.

**5. Cash and cash equivalents**

	<b>2016</b>	<b>2015</b>
	<b>US\$</b>	<b>US\$</b>
<i>Cash and cash equivalents is comprised of the following:</i>		
Cash at Bank	1,003,266	2,478,842
Deposit with Mandiri Bank	2,000,000	-
Credit and Debit cards	57,519	-
Petty cash	15,076	7,561
Cash and salary advances	300	70,500
	<hr/>	<hr/>
	3,076,161	2,556,903

All balances are non-interest earning except for the deposit with Mandiri Bank which earns interest at 0.75%. The deposit with Mandiri Bank is in the form of two certificates of deposits for the amount of \$1 million each, redeemable on presentation at the bank.

As corporate cards are unavailable in Timor-Leste, the credit and debit cards are in the name of General Secretary and Deputy General Secretary of the g7+ and not in the name of g7+. The cards are intended to be used only for business purposes and are subject to the normal acquittal processes are complete.

**6. Going Concern**

The g7+ Secretariat as at year end had sufficient funds available to fund its operations for the next year.