The g7+ Secretariat
Annual Financial Statements
Year ended 31 December 2018
The g7+

Chair of the g7+  
His Excellency Momodu L. Kargbo (from May 2016)

The g7+ Secretariat
General Secretary of Secretariat  
Dr Helder da Costa

Deputy General Secretary  
Mr Habib U. Mayar

The g7+ Secretariat  
The g7+ Secretariat
Headquarters  
Kobe House
Rua Palacio do Governo,
Dili, Timor-Leste

Current the 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 Touche Tohmatsu

Website  
http://www.g7plus.org/
BACKGROUND

The g7+ Secretariat (hereafter the "Secretariat/g7+") facilitates the development of the activities of the g7+. The Secretariat of g7+ is hosted by the Ministry of Finance of the Democratic 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 2018 approving an amount of $1,125,000 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 2018, the Secretariat received $1,125,000 in grant, $110,441 from SIDA as contribution and $45,000 as contribution income from Sierra Leone.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

This was the fourth period of operations of the Secretariat, and there were no significant changes in its state of affairs during 2018.

APPROVAL OF FINANCIAL STATEMENT

The accompanying financial statements for the year ended 31 December 2018 have been approved on behalf of the Secretariat by:

Dr Helder Da Costa
General Secretary
The g7+ Secretariat
08th June 2020
Independent Auditor’s Report to the General Secretary of the g7+ Secretariat

Opinion

We have audited the accompanying financial statements of the g7+ Secretariat (the "Recipient") which comprises details of the grant monies received and expended, a summary of significant accounting policies and other explanatory information, and the Statement by the General Secretary as set out on pages 1 to 9 (the "financial statements") for the funding period from 1 January 2018 to 31 December 2018.

In our opinion, the accompanying financial statements present fairly, in all material respects, grant monies received and expended by the Recipient, in accordance with the basis of preparation described in Note 1 and the grant monies were expended in accordance with the Memorandum of Understanding (MoU) between the Government of Timor-Leste and the Recipient (the Program) for the funding period from 1 January 2018 to 31 December 2018.

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 Statements section of our report. We are independent of the Recipient in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the financial statements. 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 MoU between the Government of Timor-Leste and the Recipient. 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.

Responsibilities of Management and for the Financial Statements

Management of the Recipient is responsible for compliance with the Program and 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 Program and the needs of the Minister of Planning and Finance of Timor-Leste. Management’s responsibility also includes such internal control as they determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of the Recipient to continue as a going concern, disclosing, as applicable, matters related to going concern and
Independent Auditor’s Report to the General Secretary of the g7+
Secretariat

Deloitte.

using the going concern basis of accounting unless management either intend to liquidate the g7+
Secretariat or to cease operations, or has no realistic alternative but to do so.

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 Touche Tohmatsu

Cheryl Crase
Partner
Chartered Accountants
Darwin, 8 June 2020
The g7+ Secretariat  
Statement of Cash Receipts and Payments  
For the year ended 31 December 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>2018 US$</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RECEIPTS</strong></td>
<td></td>
</tr>
<tr>
<td>Grant income from Government of Timor-Leste</td>
<td>1,125,000</td>
</tr>
<tr>
<td>Donation Received from SIDA - Swedish Government</td>
<td>110,441</td>
</tr>
<tr>
<td>Voluntary Contribution from Sierra Leone</td>
<td>45,000</td>
</tr>
<tr>
<td>Interest earned on bank account</td>
<td>15,783</td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td>1,296,224</td>
</tr>
<tr>
<td><strong>PAYMENTS</strong></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefit costs</td>
<td>283,068</td>
</tr>
<tr>
<td>Conference and event costs</td>
<td>745,251</td>
</tr>
<tr>
<td>Administrative costs</td>
<td>138,227</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>590</td>
</tr>
<tr>
<td>Payments for Lisbon Hub</td>
<td>475,466</td>
</tr>
<tr>
<td>Staff Advance from FY 2017</td>
<td>17,833</td>
</tr>
<tr>
<td><strong>Total Payments</strong></td>
<td>1,660,435</td>
</tr>
<tr>
<td>(Decrease)/Increase in cash and cash equivalents</td>
<td>(364,211)</td>
</tr>
<tr>
<td>Less Staff Advances Receivables</td>
<td>(10,652)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>3,207,031</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of year</strong></td>
<td>2,832,170</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements

1. Accounting policies

General
The 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.

During the year 2018, the g7+ Secretariat, Lisbon hub, Portugal has become operational.

Financial regulations
The General Secretary approved financial regulations on 1 July 2014 and subsequent amendment is also proposed in the next year. However, as yet almost all financial regulations have been implemented except those regulations relating to cash advances to staff and cash acquittals.

Basis of preparation
The basis of preparation for the year ended 31 December 2018 changed from cash basis to accrual basis. On this basis revenue is recognized when earned rather than deposited into the Secretariat’s bank account and expenses are recognized when incurred rather than when paid. The accounting policies have been applied consistently throughout the year. 2017 comparative data is not being presented as the 2017 financials were prepared on cash basis.

Reporting entity
The reporting entity is the g7+ Secretariat Headquarter at Dili, Timor Leste.

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

Foreign currency translation
Foreign currency transactions are translated into the functional currency using the open market rate or the actual amount of currency paid to settle the transaction. Difference due to foreign currency conversion is booked under Foreign Exchange Gain / Loss.

Authorisation Date
The financial statements were authorised for publication on 08 June 2020 by Dr Helder Da Costa, General Secretary of the g7+ Secretariat.
1. Accounting Policies (continued)

Cash and cash equivalents

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. All trade creditors are current liabilities and required to be paid 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. All expenses are recognized on accrual basis, which means they are recognized when they are incurred rather than when they are paid.

Receipts
Revenue is recognized on an accrual basis, which means they are recognized when they are earned rather than when received.

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 2018 Sierra Leone paid the member country contribution $45,000 for the years 2016 to 2018 and there was no performance obligations attached to this voluntary contribution.

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 channelled to other countries on behalf of the Government of Timor-Leste. However, no donation has been received from the Government of Timor-Leste during 2018.

Donation received from the Government of Sweden
Government of Sweden (SIDA) give a donation of SEK:1,000,000 equivalent to US$:110,441 for the activities of the g7+.

Reimbursement of expenditure by third parties
Reimbursements of expenditure is made by donor organisations for the g7+ events.

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

Payments
Expenses are recognised on an accrual basis. The Secretariat’s payments comprise payments to employees for salaries, allowances, special advances and to external suppliers for provision of goods and services.
The g7+ Secretariat
Notes to the Financial Statements
For the year ended 31 December 2018

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.

2. Receipts

During the year, the g7+ Secretariat received the following receipts:

Grant from Government of Timor-Leste for operational use 1,125,000
Donation Received from SIDA - Swedish Government 110,441
Voluntary Contribution from Sierra Leone 45,000
Interest earned on Deposit at Mandiri Bank 15,783

1,296,224

3. Conferences, meetings and events

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

The g7+ Global Advocacy 190,490
The g7+ Representation 104,292
The g7+ National Advocacy 9,394
World Bank/IMF Spring & Annual Meetings 52,416
The g7+ Technical Meeting 116,823
IDPS Global Meeting 10,386
Fragile to fragile Corporation 62,220
Ministerial meeting ---
United Nations General Assembly (UNGA) 84,143
High Level Political Forum 114,268
Sustainable Development Goals (SDG) 819
World Humanitarian Summit ---

745,251
Notes to the Financial Statements (continued)

4. Staff Advances:

Payment of Staff Advances Comprises of the Following staff: 2018 US$
HM-Cash advance 1,304
HC-Cash Advance 7,700
FC-Cash Advance ---
OB-Cash Advance 1,350
ER/CL-Cash Advance (500)
MS-Cash Advance 798
Total 10,652

5. Cash and cash equivalents

Cash and cash equivalents is comprised of the following: 2018 US$
Cash at Bank 1,755,847
Deposits with Mandiri Bank 1,000,000
Credit and Debit cards 55,340
Petty cash 20,983
Total 2,832,170

All balances are non-interest earning except for the deposits with Mandiri Bank which earns interest at 0.75%. The deposits with Mandiri Bank are in the form of one certificate of deposits for the amount of $1 million, 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.

6. Subsequent events:

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Timor-Leste and other governments as well as the travel and trade restrictions imposed by Timor-Leste and other countries in early 2020 have caused disruption to businesses and economic activity. The Secretariat considers this to be a non-adjusting post balance sheet event and accordingly the financial effects of COVID-19 have not been reflected in the Secretariat’s financial statements at 31 December 2018.

As the situation remains fluid (due to evolving changes in government policy and evolving business and customer reactions thereto) as at the date these financial statements are authorised for issue, the Secretariat considered that the financial effects of COVID-19 on the Secretariat’s financial statements cannot be reasonably estimated for future financial periods. The general economic impacts arising from COVID-19 would potentially have a negative impact on the operations of funding bodies, however, that would not cast any significant doubt on the ability of the Secretariat to continue as a going concern. No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Secretariat, the results of those operations or the state of affairs of the entity in subsequent financial years.