



Goodbye Conflict Welcome Development.
Fini le conflit, place au développement.

The g7+ Secretariat
Annual Financial Statements
Year ended 31 December 2023

**The g7+ Secretariat
General Information
31 December 2023**

The g7+

Chair of the g7+

Her Excellency Ms. Kenyeh Barlay
(from 1 July 2023)

The + Secretariat

**General Secretary of Secretariat
Deputy General Secretary
Headquarters**

Dr. Helder da Costa
Mr. Habib Ur Rehman Mayar
The g7+ Secretariat
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

PKF Merit

Website

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

**The g7+ Secretariat
Statement by the General Secretary
For the year ended 31 December 2023**

BACKGROUND

The g7+ Secretariat (hereafter the "Secretariat/g7+") facilitates the development of the activities of the g7+. The Secretariat of g7+ is hosted in Dili, 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 2023 approving an amount of \$1,000,000 (2022: \$1,000,000) 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

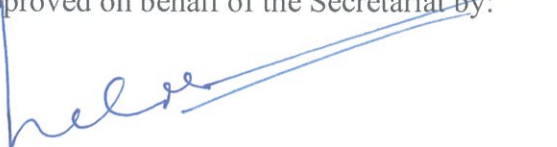
During the year January 2023 to 31 December 2023, the Secretariat received \$254,906 grant funding from Finland and it was almost fully utilized during the year 2023. Moreover, US\$219,037 also received from g7+ foundation USA for establishment of g7+ representative office in New York, USA.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

This was the ninth period of operations of the Secretariat, and there were no significant changes in its state of affairs during 2023.

APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements for the year ended 31 December 2023 have been approved on behalf of the Secretariat by:



Helder Da Costa, PhD
General Secretary
The g7+ Secretariat
27 August 2024

Independent auditor's report to the members of The g7+ Secretariat**Report on the Audit of the Financial Report**

We have audited the accompanying special purpose financial report of The g7+ Secretariat ("The g7+"), which comprises the statement of income and expenses for the year ended 31 December 2023, statement of financial position as at 31 December 2023, a summary of material accounting policy information, other explanatory notes and the Statement by the General Secretary.

In our opinion, the accompanying financial report of The g7+ Secretariat presents fairly, in all material respects, the financial position of The g7+ Secretariat as at 31 December 2023, and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. 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+ in accordance with the independence requirements of the *International Federation of Accountants ("IFAC") Code of Ethics for Professional Accountants*. We have also fulfilled our other ethical responsibilities in accordance with the 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

We draw attention to the Basis of Preparation note in the Notes to the Financial Statements which describes the basis of accounting. The financial report has been prepared to assist The g7+ Secretariat meet the requirements of its funding agreement terms and conditions. As a result, the financial report may not be suitable for another purpose. The financial report has been prepared to meet the needs of The g7+ Secretariat and its donors and should not be distributed to other parties other than The g7+ Secretariat and its donors. Our opinion is not qualified in respect of these matters.

Other Matter

The financial report of The g7+ Secretariat for the year ended 31 December 2022 was audited by another auditor who expressed an unmodified opinion on the financial report on 5 December 2023.

The General Secretary's Responsibility for the Financial Report

The g7+ General Secretary is responsible for the preparation and fair presentation of the financial report and have determined the accounting policies used as described in Note 1 in the Notes to the Financial Statements are appropriate to meet the needs of The g7+ and for such internal control as the General Secretary determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the General Secretary is responsible for assessing The g7+ Secretariat's ability to continue as a going concern, and disclosing, as applicable, matters relating

to going concern and using the going concern basis of accounting unless The g7+ Secretariat either intends to liquidate or to cease operations, or have no realistic alternative but to do so.

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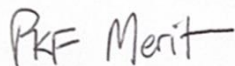
Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 International Standards on Auditing 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 the financial report.

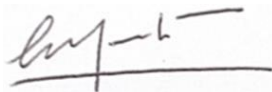
As part of an audit in accordance with International Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 The g7+ Secretariat.
- Conclude on the appropriateness of the The g7+ Secretariat's use of the going concern basis of accounting in respect of The g7+ 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, and the continuation of The g7+. 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 report 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. However, future events or conditions may cause The g7+ Secretariat to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the General Secretary 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.



PKF Merit



MunLi Chee
Director
Darwin

27 August 2024

The g7+ Secretariat
Statement of Income and Expenses
For the year ended 31 December 2023
(Amounts in US\$)

	Note	2023	2022
		\$	\$
INCOME			
Grants from Government of Timor-Leste		1,000,000	1,000,000
Voluntary Contributions and other reimbursements		29,673	41,455
Interest Earned		2,139	6,456
Donation received from Government of Finland		254,906	266,028
Receipt from g7+ Foundation		342,232	-
Other Income		1,068	6
Total income		1,630,018	1,313,945
EXPENSES			
Salary & Benefit Costs		466,148	499,245
Administrative Costs		165,775	281,487
Conferences, Meetings & Event Costs	3	950,213	1,331,926
Payments to Lisbon Hub		170,000	245,000
Depreciation		27,261	26,973
Other Expenses		1,001	1,095
Total expenses		1,780,398	2,385,726
NET DEFICIT FROM OPERATIONS		(150,380)	(1,071,781)

The above statement should be read in conjunction with the accompanying notes.

The g7+ Secretariat
Statement of Financial Position
As At 31 December 2023
(Amounts in US\$)

	Note	2023 \$	2022 \$
ASSETS			
Current Assets			
Cash		526,208	651,265
Trade & Other Receivables		28,954	25,129
Other Assets		1,193	-
		<u>556,355</u>	<u>676,394</u>
Non-current Assets			
Property, Plant and Equipment		72,745	94,528
		<u>72,745</u>	<u>94,528</u>
TOTAL ASSETS		<u><u>629,100</u></u>	<u><u>770,922</u></u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables		21,227	16,253
Accrued Expenses		23,500	20,000
Unearned Income		88	4
Total current Liabilities		<u>44,815</u>	<u>36,257</u>
TOTAL LIABILITIES		<u>44,815</u>	<u>36,257</u>
NET ASSETS		<u><u>584,285</u></u>	<u><u>734,665</u></u>
ACCUMULATED SURPLUS			
Opening Balance		734,665	1,806,446
Net Operating (Deficit) / Surplus		<u>(150,380)</u>	<u>(1,071,781)</u>
TOTAL ACCUMULATED SURPLUS		<u><u>584,285</u></u>	<u><u>734,665</u></u>

The above statement should be read in conjunction with the accompanying notes.

The g7+ Secretariat
Notes to the Financial Statements
For the year ended 31 December 2023

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 decisions 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 the Government of Timor-Leste and the g7+ Secretariat.

Financial regulations

The General Secretary approved financial regulations on 1 July 2014 and subsequent amendment / upgradation was also approved in 2019. Almost all financial regulations have been implemented to date.

Basis of preparation

The special purpose financial report is for the Og7+ Secretariat ("the g7+ or the Secretariat"), an intergovernmental organisation established in Timor-Leste. In the opinion of the General Secretariat, the g7+ is not a reporting entity as there are unlikely to exist users who are capable to command the preparation of reports tailored so as to satisfy all of their information needs. The financial report of the g7+ has been drawn up as a special purpose financial report for the purposes of management reporting on the operation of the g7+. The financial report has not been prepared in accordance with International Accounting Standards.

The special purpose financial report for the year ended 31 December 2023 has been prepared under an accrual basis of accounting. 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 and the financial statements have been prepared on the going concern basis, which contemplates continuity of normal activities and realisation of assets and settlement of liabilities in the normal course of business.

In 2023, an MoU was signed with the Minister of Foreign Affairs, with the understanding that the Government would contribute 1 million US dollars per annum for the period of time signed earlier. However, a number of challenges were encountered causing a number of activities to be postponed due to the limited funds available.

This was brought to the attention of the new government formed in 2023 and it was suggested to the Prime Minister of the IX government to modify the MoU to reflect the current circumstances. The Prime Minister indicated his willingness to consider the proposal and requested for a renewed MoU with the Government of Timor-Leste. The MoU with the Government of Timor-Leste was eventually signed in August 2023 by the PM for a period of five years, from 2023-2028. The Government of Timor-Leste agreed to contribute 2 million US dollars per annum to the g7+ Secretariat, which will enable it to provide comprehensive support for g7+ activities at both the national and global levels.

**The g7+ Secretariat
Notes to the Financial Statements
For the year ended 31 December 2023**

1. Accounting policies - continued

The financial statements have been prepared on the going concern basis, taking into account the renewal of the MoU with the Government of Timor-Leste in the first quarter of 2023, and the additional grant received from Finland and expected voluntary contributions from g7+ Member States.

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. Differences due to foreign currency conversion are booked under Foreign Exchange Gain / Loss.

Authorisation Date

The financial statements were authorised for publication on 1 September 2024 by Dr Helder Da Costa, General Secretary 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, and the requirements for operating official bank accounts.

Advances and other current assets

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.

Revenue

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.

**The g7+ Secretariat
Notes to the Financial Statements
For the year ended 31 December 2023**

1. Accounting policies - continued

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 which 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 2023.

Donation received from the Government of Finland

Government of Finland gave a donation of Euro:250,000 equivalent to US\$:254,906 for the activities of the g7+ during the year 2023. Revenue has been brought to account in line the completion of the performance obligation.

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.

Expenses

Expenses are recognised on an accrual basis. The Secretariat's expenses comprise payments to employees for salaries, allowances, special advances and payments 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.

2. Conferences, meetings and events

During the year, the g7+ Secretariat incurred the following expenses relating to conferences, meetings and events:

	2023	2022
	\$	\$
The g7+ Global Advocacy	356,357	326,614
The g7+ Representation	232,106	437,124
The g7+ National Advocacy	10,409	23,956
Fragile to fragile Corporation	281,490	379,585
United Nations General Assembly (UNGA)	68,265	165,475
Ministerial Meeting	-	133
Strengthening g7+	1,586	3,839
	<u>950,213</u>	<u>1,336,726</u>

The g7+ Secretariat
Notes to the Financial Statements
For the year ended 31 December 2023

3. Cash and cash equivalents

Cash and cash equivalents consisted of the following:

	2023	2022
	\$	\$
Cash at Bank	353,347	122,960
Deposits with Mandiri Bank	150,000	500,000
Credit and Debit cards	22,795	28,239
Petty cash	66	66
	<u>526,208</u>	<u>651,265</u>

Reconciliation of Net Deficit to Cash and Cash Equivalents

Net deficit from operations	(150,380)
Add non-cash transaction items:	
Depreciation	27,261
Add/(Deduct) changes in net assets and liabilities	
Trade and other receivables	(3,825)
Prepayments	(1,193)
Trade and other payables	4,974
Unexpended grant	84
Accrued expenses	3,500
Acquisition of property plant and equipment	<u>(5,478)</u>
Net decrease in cash and cash equivalents	(125,057)
Beginning of the year	<u>651,265</u>
End of the year	<u>526,208</u>

All balances are non-interest earning except for the deposits with Mandiri Bank which earn interest at 0.75% per annum. The deposits with Mandiri Bank are in the form of one certificate of deposits for the amount of USD150,000, 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.

The g7+ Secretariat
Notes to the Financial Statements
For the year ended 31 December 2023

4. Trade and Other Receivables

Trade and other receivables consisted of the following:

	2023	2022
	\$	\$
Advance Wages	-	5,217
Travel Advances	20,104	15,112
Other Receivables	8,850	4,800
	<u>28,954</u>	<u>25,129</u>

5. Property, Plant and Equipment

Property, plant and equipment consisted of:

	2023	2022
	\$	\$
Motor Vehicles		
Cost	91,000	91,000
Accumulated depreciation	(36,400)	(18,200)
	<u>54,600</u>	<u>72,800</u>
Office Equipment		
Cost	32,338	27,235
Accumulated depreciation	(26,555)	(21,849)
	<u>5,783</u>	<u>5,386</u>
Furniture and Fixtures		
Cost	30,509	30,134
Accumulated depreciation	(18,147)	(13,792)
	<u>12,362</u>	<u>16,342</u>
Total Property, Plant and Equipment	<u>72,745</u>	<u>94,528</u>

The g7+ Secretariat
Notes to the Financial Statements
For the year ended 31 December 2023

6. Going Concern

On 10 August 2022, the Council of Ministers validated the MoU by approving the Government Resolution, presented by the Minister of Foreign Affairs and Cooperation, Adalgija Magno approving the agreement between the Government of the Democratic of Timor-Leste and g7+, on the amount, purpose and use of the subsidy to be granted by the Democratic Republic of Timor-Leste to this Intergovernmental organization. This agreement, signed between the two parties on 21 March 2022, aimed to contribute to the g7+ activities. The government allocated, between 2022 and 2027, the amount of US\$ 1,000,000 (One Million American Dollars) per year. This grant is to be used for the promotion of cooperation between member states and to finance the operating expenses of the g7+ and the organization of the annual ministerial meeting. On the other hand, the Finland Government, as development partner, has expressed its commitment to continue providing financial support to the g7+ Secretariat's operations at the global level in 2024.

In addition, Timor-Leste was undertaking parliamentary elections on 21 May 2023, which subsequently led to the formation of the new government. On 1 July 2023, the 9th Constitutional Government of RDTL under the Prime Minister H.E. Xanana Gusmão was sworn-in by the President of the Republic. The Prime Minister re-assured his commitment to continue funding the g7+ operation with a total of UD 2 million per annum. This was stipulated in the new MOU signed between the g7+ and the Government of RDTL on 2 August 2023.

Going forward, the g7+ Secretariat as at year end has sufficient funds available to fund its operations for the next year and the financial statements are thus prepared on a going concern basis.

7. Subsequent Events

There is no subsequent event, which may affect the 2023 financial statements.