



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

The g7+ Secretariat
Annual Financial Statements
Year ended 31 December 2021

**The g7+ Secretariat
General Information
31 December 2021**

The g7+

Chair of the g7+

His Excellency Dr. Francis M. Kai Kai
(from 26 June 2019)

The g7+ 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

Deloitte Touche Tohmatsu

Website

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

**The g7+ Secretariat
Statement by the General Secretary
For the year ended 31 December 2021**

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 2021 approving an amount of \$1,000,000 (2020: \$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 2021 to 31 December 2021, the Secretariat received \$291,365 in grant funding from Finland.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

This was the seventh period of operations of the Secretariat, and there were no significant changes in its state of affairs during 2021.

APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements for the year ended 31 December 2021 have been approved on behalf of the Secretariat by:



Dr Helder Da Costa
General Secretary
The g7+ Secretariat
25 October 2022

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

Opinion

We have audited the accompanying financial statement 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 (the "financial statements") for the funding period from 1 January 2021 to 31 December 2021.

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 accounting 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 2021 to 31 December 2021.

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 to assist the Recipient to meet the financial reporting requirements of the Program. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Secretary General and the Minister of Planning and Finance of Timor-Leste and should not be distributed to or used by any other parties other than the Secretary General and the Minister of Planning and Finance of Timor-Leste. Our opinion is not modified in respect of this matter.

Responsibilities of Management and for the Financial Report

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 accounting described in Note 1 to the financial statements is appropriate to meet the requirements of the Program and the needs of the Secretary General and 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 and fair presentation 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 Recipient to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Recipient or to cease operations or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial statement 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 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 statement.

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

- (a) 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.
- (b) 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 Recipient's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) 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 Recipient'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. However, future events or conditions may cause the Recipient to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statement 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

DELOITTE TOUCHE TOHMATSU



Malvin Prasad
Partner
Chartered Accountants

Darwin, Australia, 25 October 2022

The g7+ Secretariat
Statement of Income & Expense
For the year ended 31 December 2021

Income	Notes	2021 US\$	2020 US\$
Government Grants		---	1,000,000
Voluntary Contributions		---	45,000
Interest Earned		8,918	9,052
Revenue from Finland		63,646	86,190
Other Income		65	---
Total Income	2	72,629	1,140,242
EXPENSES			
Salary & Benefit Costs		380,963	377,373
Administrative Costs		128,569	201,942
Conference & Event Cost	3	315,815	241,997
Other Expenses		794	563
Total Expenditures		\$826,141	\$821,875
Net Gain / (Deficit) for the Year		-753,512	318,367
Total Non-Cash Movements		10,447	20,359
(Decrease)/Increase in cash and cash equivalents		-743,065	338,726
Unearned Revenue from Finland		227,719	-86,189
Payments for Lisbon Hub		---	-245,000
Cash and cash equivalents at beginning of year		2,604,012	2,596,475
Cash and cash equivalents at end of year	4	2,088,666	2,604,012

The g7+ Secretariat
Notes to the Financial Statements
For the year ended 31 December 2021

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 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 till date.

Basis of preparation

The basis of preparation for the year ended 31 December 2021 is on 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 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.

As is generally the case for similar intergovernmental organisations, the ability of the Secretariat to continue its activities as a going concern, including meeting its obligations as and when they fall due and payable, is dependent upon accessing recurrent funding. The previous MoU with the Government of Timor-Leste expired in January 2021 and the current MoU has been signed on 21 March 2022. According to Article 1 of the renewed MoU, USD \$1,000,000 grant will be provided annually to the g7+ Secretariat by Timor-Leste Government from 2022 to 2027.

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 2022 , and the additional grant received from Finland and expected voluntary contributions from g7+ Member States.

The g7+ Secretariat
Notes to the Financial Statements
For the year ended 31 December 2021

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 25 October 2022 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 2021

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.

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.

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 2021.

Donation received from the Government of Finland

Government of Finland gave a donation of Euro:250,000 equivalent to US\$:291,365.29 for the activities of the g7+ during the year 2021. 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.

The g7+ Secretariat
Notes to the Financial Statements
For the year ended 31 December 2021

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. Revenues

	2021	2020
	US\$	US\$
<i>During the year, the g7+ Secretariat recognized the following revenues:</i>		
Grant from Government of Timor-Leste for operational use	---	1,000,000
Donation Received from SIDA - Swedish Government	---	---
Donation Received from Finland Government	63,646	86,190
Voluntary Contribution from Sierra Leone	---	45,000
Interest earned on Deposit at Mandiri Bank	8,918	9,052
Other Income	65	---
	72,629	1,140,242

3. Conferences, meetings and events

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

The g7+ Global Advocacy	196,308	159,432
The g7+ Representation	38,328	35,134
The g7+ National Advocacy	34,630	32,572
World Bank/IMF Spring & Annual Meetings	---	5,630
The g7+ Technical Meeting	11,899	1,069
IDPS Global Meeting	---	---
Fragile to fragile Corporation	---	0
United Nations General Assembly (UNGA)	34,650	0
High Level Political Forum	---	0
Sustainable Development Goals (SDG)	---	3,950
Ministerial Meeting	---	4,210
Natural Resource Management (NRM) Meeting	---	0
	315,815	241,997

The g7+ Secretariat
Notes to the Financial Statements
For the year ended 31 December 2021

Notes to the Financial Statements (continued)

4. Cash and cash equivalents

Cash and cash equivalents is comprised of the following:

	2021	2020
	US\$	US\$
Cash at Bank	1,053,329	1,559,072
Deposits with Mandiri Bank	1,000,000	1,000,000
Credit and Debit cards	34,140	44,873
Petty cash	1,197	67
Total	2,088,666	2,604,012

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 USD 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.

5. Subsequent events:

The Government of Timor-Leste has lifted the Covid-19 restrictions allowing travellers to come in and out of the country. This results in the signing of the MoU between the Government of Timor-Leste and the g7+ Secretariat (which expires in January 2021) on 21 March 2022.

Then on 10 August 2022, The Council of Ministers has validated the MoU by approving the Government Resolution, presented by the Minister of Foreign Affairs and Cooperation, Adaljiza 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 Intern governmental organization. With this agreement, signed between the two parties last March 21st 2022, aiming to contribute to the g7+ activities, The government allocates, between 2022 and 20227, 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 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 2022.

Going forward, the g7+ Secretariat as at year end had sufficient funds available to fund its operations for the next year as a going concern.