

Australian Institute of International Affairs Ltd

ABN 34 000 045 170

Financial Statements

For the Year Ended 30 June 2017

Australian Institute of International Affairs Ltd

ABN 34 000 045 170

Contents

For the Year Ended 30 June 2017

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Australian Institute of International Affairs Ltd

ABN 34 000 045 170

Directors' Report For the Year Ended 30 June 2017

The directors present their report on the Australian Institute of International Affairs Ltd (AIIA) for the financial year ended 30 June 2017.

General information

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	Position	Appointed/Resigned
Hon Kim Beazley AC	National President	Appointed: 01/03/2016
Ms Zara Kimpton OAM	National Vice President	Appointed: 09/12/2010
Ms Melissa Conley Tyler	National Executive Director	Appointed: 16/01/2006
Ms Kylie Bell	Honorary Treasurer	Appointed: 19/10/2015
Prof Shirley Scott	Research Chair	Appointed: 17/12/2009, Resigned: 20/11/2016
Prof Mark Beeson	Research Chair	Appointed: 17/02/2017
Prof Nick Bisley	Editor of AJIA	Appointed: 01/07/2013
Mr Gary Quinlan AO	DFAT	Appointed: 8/10/2015
Mr Robert Lowry	ACT President	Appointed: 07/06/2015
Mr Richard Broinowski	NSW President	Appointed: 28/09/2014
Mr Geoffrey Ewing	QLD President	Appointed: 07/10/2008
Assoc Prof Felix Patrikeeff	SA President	Appointed: 22/10/1999
Prof Peter John Boyce AO	TAS President	Appointed: 22/05/2013
Mr Patrick Moore	VIC President	Appointed: 27/11/2014
Mr John Goodlad	WA President	Appointed: 28/08/2012

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activity of Australian Institute of International Affairs Ltd during the financial year was promotion of public understanding of issues in Australia's international relations.

No significant changes in the nature of the Company's activity occurred during the financial year.

Long term objectives

The Company was established in 1933 with the long term objective to promote public understanding and interest in international affairs.

Australian Institute of International Affairs Ltd

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Directors' Report

For the Year Ended 30 June 2017

General information

Strategy for achieving the objectives

To achieve these objectives, the Company has adopted the following strategies:

- Forum for debate - The AIIA hosts meetings, lectures and discussions important to issues in world affairs. The AIIA has organised a number of events, making important contributions to public events.
- Disseminating ideas - The AIIA publishes the scholarly journal *Australian Journal of International Affairs* as well as the *Australia in world affairs* series, the definitive record of Australian foreign policy. Both now span more than 60 years. The AIIA also publishes online resources and broadcasts footage of events.
- Educating - The AIIA works to interest young people in world issues through career fairs, school seminars and the young members' program in various states.
- Collaborating - The AIIA partners with other institutes in Australia and worldwide. It has co-operative relationships with similar institutes of international affairs including the Royal Institute of International Affairs (Chatham House), and maintains contact with more than 110 other institutes worldwide.

Operating results

The deficit of the Company amounted to \$ 204,212 (2016: surplus \$ 10,477).

Other items

Significant changes in state of affairs

The following significant changes in the state of affairs of the Company occurred during the financial year:

- The investment property at Stephen House, 32 Thesiger Court Deakin ACT 2600 was sold during the year for \$2,300,000. As per terms of the agreement, net rentals of \$235,409 were paid to the buyer.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Australian Institute of International Affairs Ltd

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Directors' Report
For the Year Ended 30 June 2017

Meetings of directors

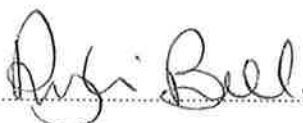
During the financial year, six meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Hon Kim Beazley AC	6	6
Ms Zara Kimpton OAM	6	6
Ms Melissa Conley Tyler	6	6
Ms Kylie Bell	6	4
Prof Shirley Scott	3	-
Prof Mark Beeson	3	2
Prof Nick Bisley	6	2
Mr Gary Quinlan AO	6	3
Mr Robert Lowry	6	6
Mr Richard Broinowski	6	6
Mr Geoffrey Ewing	6	5
Assoc Prof Felix Patrikeeff	6	4
Prof Peter John Boyce AO	6	6
Mr Patrick Moore	6	6
Mr John Goodlad	6	6

Auditor's independence declaration

The auditor's independence declaration in accordance with section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 for the year ended 30 June 2017 has been received and can be found on page 4 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: 

Director: 

Dated 13/10/2017.

Auditor's Independence Declaration under Section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 To the Directors of Australian Institute of International Affairs Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Hardwickes

Hardwickes
Chartered Accountants



Robert Johnson FCA
Partner

13 October 2017

Canberra



Australian Institute of International Affairs Ltd

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2017

		2017	2016
	Note	\$	\$
Revenue and Other Income	4	803,589	631,264
Gain on disposal of assets	4	50,000	-
Administrative expenses		(304,782)	(253,260)
Euan Crone scholarships		(17,110)	(16,889)
Finance costs		(45,890)	(63,782)
Indonesia Dialogue expenses		(63,386)	(806)
Korea Foundation expenses		(43,559)	(46,807)
National conference and other seminars		(65,718)	(44,369)
Nygh scholarships		(10,000)	(11,000)
Occupancy costs		(168,547)	(67,339)
Net rent to purchaser		(235,409)	-
Other expenses		(50,519)	(68,801)
Production & editorial costs		(49,068)	(44,632)
Youth initiative program		(5,080)	(3,102)
(Deficit)/Surplus before income tax		(205,479)	10,477
Income tax expense		-	-
(Deficit)/Surplus for the year		(205,479)	10,477
Other comprehensive income			
Net fair value movements for investment		1,267	-
Total comprehensive income for the year		(204,212)	10,477

The accompanying notes form part of these financial statements.

Australian Institute of International Affairs Ltd

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Statement of Financial Position

As At 30 June 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	204,693	234,506
Trade and other receivables	6	6,856	68,581
Other financial assets	7	203,500	-
Other assets	10	11,935	8,913
TOTAL CURRENT ASSETS		426,984	312,000
NON-CURRENT ASSETS			
Other financial assets	7	783,472	-
Property, plant and equipment	8	34,652	32,812
Investment property	9	-	2,250,000
TOTAL NON-CURRENT ASSETS		818,124	2,282,812
TOTAL ASSETS		1,245,108	2,594,812
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	52,635	51,109
Employee benefits	14	24,013	21,917
Income in advance	13	-	50,000
TOTAL CURRENT LIABILITIES		76,648	123,026
NON-CURRENT LIABILITIES			
Borrowings	12	-	1,099,015
Employee benefits	14	-	100
TOTAL NON-CURRENT LIABILITIES		-	1,099,115
TOTAL LIABILITIES		76,648	1,222,141
NET ASSETS		1,168,460	1,372,671
EQUITY			
Reserves		1,267	911,307
Retained earnings		1,167,193	461,365
TOTAL EQUITY		1,168,460	1,372,672

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 30 June 2017

2017

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
Balance at 1 July 2016	461,365	911,307	1,372,672
(Deficit) attributable to members of the entity	(205,479)	-	(205,479)
Revaluation increment (Mixed investment portfolio)	-	1,267	1,267
Revaluation increment (decrement)	911,307	(911,307)	-
Balance at 30 June 2017	1,167,193	1,267	1,168,460

2016

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
Balance at 1 July 2015	450,888	911,307	1,362,195
Surplus attributable to members of the entity	10,477	-	10,477
Balance at 30 June 2016	461,365	911,307	1,372,672

Australian Institute of International Affairs Ltd

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Statement of Cash Flows For the Year Ended 30 June 2017

	2017	2016
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	558,600	230,706
Payments to suppliers and employees	(1,065,055)	(560,756)
Interest received	(1,781)	(2,475)
Interest paid	(45,891)	(63,782)
Receipt from grants	128,000	135,300
Rent receipts	185,379	278,838
Net cash provided by/(used in) operating activities	20 <u>(240,748)</u>	<u>17,831</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investment property	2,300,000	-
Purchase of investments	(985,705)	-
Purchase of property, plant and equipment	(4,345)	(19,627)
Net cash used by investing activities	<u>1,309,950</u>	<u>(19,627)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	(1,099,015)	(11,568)
Net cash used by financing activities	<u>(1,099,015)</u>	<u>(11,568)</u>
Net increase/(decrease) in cash and cash equivalents held	(29,813)	(13,364)
Cash and cash equivalents at beginning of year	234,506	247,870
Cash and cash equivalents at end of financial year	5 <u>204,693</u>	<u>234,506</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2017

The financial report covers the Australian Institute of International Affairs Ltd as an individual entity. The Australian Institute of International Affairs Ltd is a not-for-profit Company, registered and domiciled in Australia.

The financial report was authorised for issue by the Directors on .

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012*. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

2 Summary of Significant Accounting Policies

(a) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

(c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(c) Revenue and other income

Interest revenue

Interest is recognised using the effective interest method.

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(d) Finance costs

Finance cost includes all interest-related expenses, other than those arising from financial assets at fair value through profit or loss.

(e) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Plant and equipment

Plant and equipment are measured using the cost model.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(f) Plant and equipment

Depreciation

Property, plant and equipment, excluding leasehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	5-15%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(g) Investment property

Investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the statement of profit or loss and other comprehensive income as other income/expenses. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

(h) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(h) Financial instruments

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in the prior period statement of profit or loss and other comprehensive income resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(h) Financial instruments

Impairment of financial assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance account, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

(i) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(j) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(k) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements.

(l) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 9: Financial Instruments and associated Amending Standards	1 January 2018	This Standard includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments.	It is impracticable at this stage to provide a reasonable estimate.
AASB 16: Leases	1 January 2019	This Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. This Standard introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases	It is impracticable at this stage to provide a reasonable estimate.
AASB 1058: Income of Not-for-Profit Entities	1 January 2019	This Standard is applicable to transactions that do not arise from enforceable contracts with customers involving performance obligations. Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. Liabilities should be recognised for the excess of the initial carrying amount of a financial asset over any related amounts recognised in accordance with the applicable Standards.	It is impracticable at this stage to provide a reasonable estimate.

Notes to the Financial Statements

For the Year Ended 30 June 2017

3 Critical Accounting Estimates and Judgments

The Directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key judgments - employee benefits

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. The Company expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

4 Revenue and Other Income

	2017	2016
	\$	\$
Revenue		
- Rent & room hire	185,856	253,489
- Donations	67,950	18,975
- Grants	160,128	83,000
- Royalties	80,069	86,975
- Other income	151,712	71,170
- Registration fees and sponsorships	89,241	46,694
- Editorial fees & publications	52,939	56,646
- Investment earnings	6,192	-
- Nygh fund	6,367	10,958
- Capitation	3,048	3,186
- Other interest received	86	171
	803,588	631,264
Other revenue		
- Gain on disposal of assets	50,000	-
	50,000	-
Total revenue and other income	853,588	631,264

Australian Institute of International Affairs Ltd

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Notes to the Financial Statements For the Year Ended 30 June 2017

5 Cash and Cash Equivalents

	2017	2016
	\$	\$
Cash at bank and in hand	200,267	31,006
Other cash & cash equivalent	4,426	203,500
	<u>204,693</u>	<u>234,506</u>

6 Trade and Other Receivables

	2017	2016
	\$	\$
Trade receivables	6,856	68,581
	<u>6,856</u>	<u>68,581</u>

7 Other Financial Assets

	2017	2016
	\$	\$
CURRENT		
Short term deposits	203,500	-
	<u>203,500</u>	<u>-</u>
NON-CURRENT		
Mixed investment portfolio	783,472	-
	<u>783,472</u>	<u>-</u>
Total	<u>986,972</u>	<u>-</u>

8 Plant and equipment

	2017	2016
	\$	\$
Furniture, fixtures and fittings		
At cost	203,744	199,399
Accumulated depreciation	(169,092)	(166,587)
	<u>34,652</u>	<u>32,812</u>

Notes to the Financial Statements
For the Year Ended 30 June 2017

8 Plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Furniture, Fixtures and Fittings \$	Total \$
Year ended 30 June 2017		
Balance at the beginning of year	32,812	32,812
Additions	4,345	4,345
Depreciation expense	(2,505)	(2,505)
Balance at the end of the year	<u>34,652</u>	<u>34,652</u>

	Furniture, Fixtures and Fittings \$	Total \$
Year ended 30 June 2016		
Balance at the beginning of year	15,240	15,240
Additions	19,630	19,630
Depreciation expense	(2,058)	(2,058)
Balance at the end of the year	<u>32,812</u>	<u>32,812</u>

9 Investment Properties

	2017 \$	2016 \$
Balance at the beginning of year	2,250,000	2,250,000
Disposals	(2,250,000)	-
Balance at end of year	<u>-</u>	<u>2,250,000</u>

10 Other Assets

	2017 \$	2016 \$
Prepayments	7,592	6,438
Accrued income	4,343	2,475
	<u>11,935</u>	<u>8,913</u>

Australian Institute of International Affairs Ltd

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Notes to the Financial Statements For the Year Ended 30 June 2017

11 Trade and Other Payables

	2017	2016
Note	\$	\$
Trade payables	2,751	5,469
Annual leave provision	21,668	14,518
Sundry payables and accrued expenses	28,216	31,122
	<u>52,635</u>	<u>51,109</u>

12 Borrowings

	2017	2016
	\$	\$
Secured liabilities:		
Bank loans	-	1,099,015
	<u>-</u>	<u>1,099,015</u>

13 Income in advance

	2017	2016
	\$	\$
Income in advance	-	50,000
	<u>-</u>	<u>50,000</u>

14 Employee Benefits

	2017	2016
	\$	\$
Current liabilities		
Long service leave	24,013	21,917
	<u>24,013</u>	<u>21,917</u>
Non-current liabilities		
Long service leave	-	100
	<u>-</u>	<u>100</u>

15 Reserves

Asset revaluation reserve

The asset revaluation reserve records fair value movements on property, plant and equipment held under the revaluation model.

Notes to the Financial Statements

For the Year Ended 30 June 2017

16 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Company does not speculate in financial assets.

The most significant financial risks to which the Company is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - interest rate risk

Financial instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash and cash equivalent
- Mixed investment portfolio
- Trade and other payables

(a) Summary Table

		2017	2016
		\$	\$
Cash and cash equivalent	5	204,693	234,506
Trade receivables	6	6,856	68,581
Mixed investment portfolio	7	783,472	-
Held-to-maturity financial assets	7	203,500	-
Trade and other payables	11	52,635	51,108
		1,251,156	354,195

Objectives, policies and processes (alternate example)

Risk management is carried out by the Company's Board of Directors. The CEO has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Company, these policies and procedures are then approved by the Board at the board meeting.

Reports are presented at each Board meeting regarding the implementation of these policies and any risk exposure which the CEO believes the Board should be aware of.

Specific information regarding the mitigation of each financial risk to which the Company is exposed is provided below.

Notes to the Financial Statements
For the Year Ended 30 June 2017

16 Financial Risk Management

16 Financial Risk Management

Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The Company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Company maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

The Company's liabilities have contractual maturities which are summarised below:

	Note	Up to 1 year		Total	
		2017	2016	2017	2016
		\$	\$	\$	\$
Bank loans	12	-	1,099,015	-	1,099,015
Trade payables	11	52,635	51,109	52,635	51,109
Total		52,635	1,150,124	52,635	1,150,124

Notes to the Financial Statements
For the Year Ended 30 June 2017

16 Financial Risk Management

16 Financial Risk Management

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Credit risk arises from cash and cash equivalents, Mixed Investment Portfolio with JBWere and deposits with banks and financial institutions, as well as outstanding receivables.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The following table details the Company's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Company.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Past due but not impaired (days overdue)		Within initial trade terms \$
	up to 90 days \$	> 90 days \$	
2017			
Trade and other receivables	6,856	-	(6,856)
Total	<u>6,856</u>	<u>-</u>	<u>(6,856)</u>
2016			
Trade and other receivables	68,581	-	(68,581)
Total	<u>68,581</u>	<u>-</u>	<u>(68,581)</u>

The Company does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

Notes to the Financial Statements

For the Year Ended 30 June 2017

16 Financial Risk Management

16 Financial Risk Management

There are no balances within trade receivables that contain assets that are not impaired and are past due. It is expected that these balances will be received when due.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Company is also exposed to earnings volatility on floating rate instruments.

The financial instruments that expose the Company to interest rate risk are limited to fixed term deposits and cash on hand.

The Company also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

Financial instrument composition and maturity analysis

The Company's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Notes to the Financial Statements
For the Year Ended 30 June 2017

16 Financial Risk Management

16 Financial Risk Management

	Floating Interest Rate		Maturing within 1 Year		Maturing 1 to 5 Years		Non-interest Bearing		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:										
Cash and cash equivalents	-	-	-	-	-	-	200,267	31,006	200,267	31,006
Short term deposits	-	-	4,426	203,500	-	-	-	-	4,426	203,500
Receivables	-	-	-	-	-	-	6,856	68,581	6,856	68,581
Investments	783,472	-	-	-	-	-	-	-	783,472	-
Total Financial Assets	783,472	-	4,426	203,500	-	-	207,123	99,587	995,021	303,087
Financial Liabilities:										
Bank loans and overdrafts	-	-	-	1,099,015	-	-	-	-	-	1,099,015
Trade and sundry payables	-	-	-	-	-	-	52,635	51,109	52,635	51,109
Total Financial Liabilities	-	-	-	1,099,015	-	-	52,635	51,109	52,635	1,150,124

Notes to the Financial Statements
For the Year Ended 30 June 2017

16 Financial Risk Management

16 Financial Risk Management

(ii) Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held being available-for-sale or fair value through profit and loss.

Such risk is managed through diversification of investments across industries and geographic locations. The Company has invested through JBWere in order to have expert advice in relation to these investments.

17 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Australian Institute of International Affairs Ltd during the year are as follows:

	2017	2016
	\$	\$
Short-term employee benefits	125,745	102,530
Post-employment benefits	11,946	9,740
	<u>137,691</u>	<u>112,270</u>

18 Auditors' Remuneration

	2017	2016
	\$	\$
Remuneration of the auditor Hardwickes Chartered Accountants, for:		
- auditing or reviewing the financial statements	5,500	4,900
	<u>5,500</u>	<u>4,900</u>

19 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2017 (30 June 2016:None).

Australian Institute of International Affairs Ltd

ABN 34 000 045 170

Notes to the Financial Statements For the Year Ended 30 June 2017

20 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2017	2016
	\$	\$
Surplus(deficit) for the year	(204,212)	10,477
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	8 2,505	2,058
- unrealised gain	(1,267)	-
- net gain on disposal of property	4 (50,000)	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	59,857	(67,945)
- (increase)/decrease in prepayments	(1,154)	(6,438)
- increase/(decrease) in income in advance	(50,000)	40,000
- increase/(decrease) in trade and other payables	(5,623)	17,662
- increase/(decrease) in employee benefits	9,146	22,017
Cashflows from operations	<u>(240,748)</u>	<u>17,831</u>

21 Events after the end of the Reporting Period

The financial report was authorised for issue on _____ by the Directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

22 Statutory Information

The principal place and registered office of the company is:

Australian Institute of International Affairs Ltd
1st Floor
32 Thesiger Court
Deakin ACT 2600

Australian Institute of International Affairs Ltd

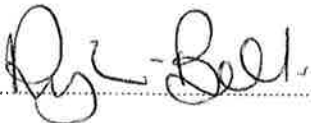
ABN 34 000 045 170

Responsible Persons' Declaration

The responsible persons declare that in the responsible persons' opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Responsible person 

Responsible person 

Dated this 13th day of October 2017

Independent Audit Report to the members of Australian Institute of International Affairs Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Institute of International Affairs Ltd (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, the accompanying financial report presents fairly, in all material respects, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year ended; and
- (ii) complying with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 Company in accordance with the auditor independence requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. 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.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the the Company's ability 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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 Australian Auditing Standards 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 the Australian 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Company'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 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 Company 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 directors 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hardwickes

Hardwickes
Chartered Accountants



Robert Johnson FCA
Partner

Location Canberra
13 October 2017

