

Australian Institute of International Affairs

ABN: 34 000 045 170

Financial Statements

For the Year Ended 30 June 2019

Australian Institute of International Affairs

ABN: 34 000 045 170

Contents

For the Year Ended 30 June 2019

	Page
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration under Sec 60-40 of the ACNC Act 2012	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Responsible Persons' Declaration	30
Independent Audit Report	31

Australian Institute of International Affairs

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Directors' Report For the Year Ended 30 June 2019

The directors present their report on the Australian Institute of International Affairs (AIIA) for the financial year ended 30 June 2019.

1. 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
Mr Allan Gyngell	National President	Appointed: 15/10/2017
Ms Zara Kimpton OAM	National Vice President	Appointed: 09/12/2010
Ms Amelia Shaw	QLD President	Appointed: 16/10/2018
Mr Andrew Byrne	DFAT	Appointed: 06/2018
Dr Bryce Wakefield	National Executive Director	Appointed: 03/2019
Assoc Prof Felix Patrikeeff	SA President	Appointed: 22/10/1999
Mr Geoffrey Ewing	QLD President	Appointed: 07/10/2008 Resigned 16/10/2018
Mr Heath McMichael	ACT President	Appointed: 16/10/2018
Prof Ian Hall	Editor of AJIA	Appointed: 01/05/2018
Mr Ian Lincoln	NSW President	Appointed: 05/12/2017
Mr John Goodlad	WA President	Appointed: 28/08/2012
Mrs Kim Boyer	TAS President	Appointed: 12/02/2018
Prof Mark Beeson	Research Chair	Appointed: 17/02/2017
Ms Melissa Conley Tyler	National Executive Director	Appointed: 16/01/2006 Resigned 03/2019
Mr Patrick Moore	VIC President	Appointed: 27/11/2014
Mr Robert Lowry	ACT President	Appointed: 07/06/2015 Resigned 16/10/2018
Assoc Prof Sara Davies	Editor of AJIA	Appointed: 01/05/2018
Mr Tom Rayner	National Treasurer	Appointed: 12/02/2018

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 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

ABN: 34 000 045 170

Directors' Report For the Year Ended 30 June 2019

1. Operating results

The surplus of the Company amounted to \$ 221,312 (2018: \$ 7,868).

2. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

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.

Directors' Report
For the Year Ended 30 June 2019

Meetings of directors

During the financial year, 6 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Mr Allan Gyngell	6	6
Ms Zara Kimpton OAM	6	6
Ms Amelia Shaw	5	4
Mr Andrew Byrne	4	3
Dr Bryce Wakefield	5	5
Assoc Prof Felix Patrikeeff	6	4
Mr Geoffrey Ewing	1	1
Mr Heath McMichael	5	4
Prof Ian Hall	6	4
Mr Ian Lincoln	6	5
Mr John Goodlad	6	5
Ms Kim Boyer	6	5
Prof Mark Beeson	6	4
Ms Melissa Conley Tyler	3	3
Mr Patrick Moore	6	4
Mr Robert Lowry	1	1
Assoc Prof Sara Davies	6	-
Mr Tom Rayner	6	5

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 2019 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 21/11/19

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, 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

21 November 2019

Canberra



**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2019**

	Note	2019 \$	2018 \$
Revenue and other income	5	941,575	651,469
Administrative expenses		(190,861)	(187,499)
Employee benefits expense		(203,131)	(190,598)
Euan Crone scholarships		(9,500)	(10,000)
Indonesia Dislogue expense		(591)	(28,419)
Korea Foundation expenses		-	(51,913)
National conference and other seminars		(166,443)	(57,112)
Nygh scholarships		(10,000)	(10,000)
Occupancy costs		(9,091)	-
Other expenses		(13,159)	(29,241)
Production and editorial costs		(44,364)	(44,314)
Realised loss on investment		(34,291)	-
Travel expenses		(35,835)	(29,241)
Youth initiative program		(2,997)	(5,264)
Surplus before income tax		221,312	7,868
Income tax expense		-	-
Surplus for the year		221,312	7,868
Other comprehensive income			
FVOCI reserve		43,011	25,620
Other comprehensive income for the year		43,011	25,620
Total comprehensive income for the year		264,323	33,488

Statement of Financial Position

As At 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	173,715	239,056
Trade and other receivables	7	248	41,564
Short term deposit	8	195,371	200,000
Other assets	10	37,387	23,741
TOTAL CURRENT ASSETS		<u>406,721</u>	<u>504,361</u>
NON-CURRENT ASSETS			
Mixed investment portfolio	8	1,097,019	886,423
Plant and equipment	9	30,340	32,133
TOTAL NON-CURRENT ASSETS		<u>1,127,359</u>	<u>918,556</u>
TOTAL ASSETS		<u>1,534,080</u>	<u>1,422,917</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	26,323	99,265
Employee benefits	13	8,880	49,486
Income in advance	12	32,280	72,218
TOTAL CURRENT LIABILITIES		<u>67,483</u>	<u>220,969</u>
NON-CURRENT LIABILITIES			
Employee benefits	13	326	-
TOTAL NON-CURRENT LIABILITIES		<u>326</u>	<u>-</u>
TOTAL LIABILITIES		<u>67,809</u>	<u>220,969</u>
NET ASSETS		<u>1,466,271</u>	<u>1,201,948</u>
EQUITY			
FVOCI reserve		69,898	26,887
Retained earnings		1,396,373	1,175,061
TOTAL EQUITY		<u>1,466,271</u>	<u>1,201,948</u>

The accompanying notes form part of these financial statements.

Australian Institute of International Affairs

ABN: 34 000 045 170

Statement of Changes in Equity For the Year Ended 30 June 2019

2019

	Retained Earnings	Financial Asset Reserve	FVOCI reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2018	1,175,061	26,887	-	1,201,948
Surplus for the year	221,312	-	-	221,312
Revaluation increment (decrement)	-	-	43,011	43,011
Transfer from financial asset reserve to FVOCI reserve	-	(26,887)	26,887	-
Balance at 30 June 2019	1,396,373	-	69,898	1,466,271

2018

	Retained Earnings	Financial Asset Reserve	FVOCI reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2017	1,167,193	1,267	-	1,168,460
Surplus for the year	7,868	-	-	7,868
Revaluation increment (decrement)	-	25,620	-	25,620
Balance at 30 June 2018	1,175,061	26,887	-	1,201,948

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 30 June 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	755,622	473,300
Payments to suppliers and employees	(886,749)	(590,161)
Interest received	2,770	2,863
Receipt from grants	227,334	224,049
Net cash provided by/(used in) operating activities	18 <u>98,977</u>	<u>110,051</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(162,955)	(75,099)
Purchase of plant and equipment	(1,363)	(589)
Net cash used by investing activities	<u>(164,318)</u>	<u>(75,688)</u>
Net increase/(decrease) in cash and cash equivalents held	(65,341)	34,363
Cash and cash equivalents at beginning of year	239,056	204,693
Cash and cash equivalents at end of financial year	6 <u>173,715</u>	<u>239,056</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2019

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

The functional and presentation currency of Australian Institute of International Affairs is Australian dollars.

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 Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

The Company has adopted AASB 9 *Financial Instruments* for the first time in the current year with a date of initial adoption of 1 July 2018.

As part of the adoption of AASB 9, the Company adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. In the comparative year, this information was presented as part of other expenses.
- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, this disclosures have been provided for the current year.

The key changes to the Company's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except the Company has not restated any amounts relating to classification and measurement requirements including impairment which have been applied from 1 July 2018.

Classification of financial assets

The financial assets of the Company have been reclassified into one of the following categories on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics:

- Measured at amortised cost

Notes to the Financial Statements For the Year Ended 30 June 2019

2 Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

Classification of financial assets

- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income - equity instruments (FVOCI - equity).

Transition adjustments

The impacts to reserves and retained earnings on adoption of AASB 9 at 1 July 2018 are shown below:

	Financial asset reserve \$	FVOCI reserve \$	Total \$
Reclassify investments from Available for Sale to FVOCI - equity	(26,887)	26,887	-
Adjustments to equity as a result of adoption of AASB 9	(26,887)	26,887	-

Classification of financial assets and financial liabilities

The table below illustrates the classification and measurement of financial assets and liabilities under AASB 9 and AASB 139 at the date of initial application.

	Classification under AASB 139	Classification under AASB 9	Carrying amount under AASB 139 \$	Carrying amount under AASB 9 \$
Financial assets				
Mixed investment portfolio (i)	8	Available for sale	FVOCI - equity	886,423
Trade and other receivables	7	Loans and receivables	Amortised cost	41,564
Cash and cash equivalents	6	Loans and receivables	Amortised cost	239,056
Term deposits (ii)	8	Held to maturity	Amortised cost	200,000
Total financial assets			1,367,043	1,367,043
Financial liabilities				
Trade payables	7	Other financial liabilities	Other financial liabilities	57,662
Total financial liabilities			57,662	57,662

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

Classification of financial assets and financial liabilities

- (i) Reclassify investments from Available for Sale to FVOCI - equity

The Company previously classified investments as available for sale with changes in value being taken through a financial asset reserve. On adoption of AASB 9, investments with a fair value of \$26,887 were reclassified from the financial asset reserve to the financial asset at fair value through OCI reserve since they are not held for trading.

- (ii) Reclassification from Held to Maturity to Amortised Cost

Term deposits that would previously have been classified as held to maturity are now classified at amortised cost. The Company intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of these assets.

3 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 Company 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 Company 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 2019

3 Summary of Significant Accounting Policies

(c) Revenue and other income

Interest revenue

Interest is recognised using the effective interest method.

Other income

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

(d) 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.

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.

(e) 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.

Depreciation

Plant and equipment, 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(f) Financial instruments

For current year

Financial instruments are recognised initially 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

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income is recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

Fair value through other comprehensive income

Equity instruments

The Company has a number of strategic investments in listed and unlisted entities over which they do not have significant influence nor control. The Company has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (FVOCI reserve). On disposal any balance in the FVOCI reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

The Company does not hold any assets in this category.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and finance lease liabilities.

For comparative year

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;
- financial assets at fair value through profit or loss;
- 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 2019

3 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

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.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the Company to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

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

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Company's financial liabilities include borrowings, trade and other payables, which are measured at amortised cost using the effective interest rate method.

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.

(g) 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 2019

3 Summary of Significant Accounting Policies

(h) 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.

Notes to the Financial Statements For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(i) 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 16: Leases	1 July 2019	<p>Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The main changes introduced by the new Standard are as follows:</p> <ul style="list-style-type: none"> -new lessee accounting requirements for leases at significantly below-market terms and conditions (commonly known as 'peppercorn leases') principally to enable the lessee to further its objectives. This requires the lessee to recognise the leased asset / right-of-use asset at fair value per AASB 13, the lease liability per AASB 117/AASB 16 and the residual as income (after related amounts) at the inception of the lease per AASB 1058; -recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets); -depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components; -inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date; -application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and -inclusion of additional disclosure requirements. 	<p>The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 30 June 2020 includes:</p> <ul style="list-style-type: none"> - there will be a significant increase in lease assets and financial liabilities recognised on the balance sheet - the reported equity will reduce as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities - EBIT in the statement of profit or loss and other comprehensive income will be higher as the implicit interest in lease payments for former off balance sheet leases will be presented as part of finance costs rather than being included in operating expenses - operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities. Interest can also be included within financing activities

Notes to the Financial Statements
For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(i) New Accounting Standards and Interpretations

Standard Name	Effective date for entity	Requirements	Impact
AASB 1058: Income of Not-for-Profit Entities	1 July 2019	<p>This Standard is applicable when an entity receives volunteer services or enters into other transactions where the consideration to acquire the asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The significant accounting requirements of AASB 1058 are as follows:</p> <ul style="list-style-type: none"> -Income arising from an excess of the initial carrying amount of an asset over the related amount being contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards. -Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. Income must be recognised in profit or loss when the entity satisfies its obligations under the transfer. 	When this Standard is first adopted for the year ending 30 June 2020, there will be no material impact on the transactions and balances recognised in the financial statements.
AASB 2016-8 Amendments to Australian Accounting Standards	1 July 2019	<p>AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit (NFP) entities into AASB 9 Financial Instruments (2014) and AASB 15 Revenue from Contracts with Customers. This guidance will assist not-for-profit entities in applying those Standards. NFP entities will generally apply AASB 15 where an agreement creates enforceable rights and obligations and includes sufficiently specific promises to transfer goods or services to the customer or third party beneficiaries.</p>	Refer to the section on AASB 1058 above.

Notes to the Financial Statements For the Year Ended 30 June 2019

4 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.

5 Revenue and Other Income

	2019	2018
	\$	\$
Revenue		
- Capitation	4,023	4,263
- Conference and subvention income	219,008	64,761
- Donations	195,779	63,886
- Editorial fees and publications	22,749	54,601
- Grant income	227,334	224,049
- Interest received	2,311	790
- Investment earnings	91,329	51,095
- Nygh interest	3,142	5,804
- Other income	36,713	92,002
- Rent and room hire	568	3,639
- Royalties	138,619	86,579
Total revenue and other income	941,575	651,469

6 Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash at bank and in hand	173,658	237,065
Other cash and cash equivalent	57	1,991
	173,715	239,056

Notes to the Financial Statements
For the Year Ended 30 June 2019

7 Trade and Other Receivables

	2019	2018
	\$	\$
CURRENT		
Trade receivables	<u>248</u>	<u>41,564</u>
Total current trade and other receivables	<u>248</u>	<u>41,564</u>

(a) Impairment of receivables

The Company applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

8 Other Financial Assets

	2019	2018
	\$	\$
CURRENT		
Short term deposits	<u>195,371</u>	<u>200,000</u>
	<u>195,371</u>	<u>200,000</u>
NON-CURRENT		
Mixed investment portfolio	<u>1,097,019</u>	<u>886,423</u>
	<u>1,097,019</u>	<u>886,423</u>
Total	<u>1,292,390</u>	<u>1,086,423</u>

Notes to the Financial Statements

For the Year Ended 30 June 2019

9 Plant and equipment

	2019	2018
	\$	\$
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	205,696	204,333
Accumulated depreciation	<u>(175,356)</u>	<u>(172,200)</u>
Total furniture, fixtures and fittings	<u>30,340</u>	<u>32,133</u>

(a) Movements in carrying amounts of plant and equipment

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

	Furniture, Fixtures and Fittings	Total
	\$	\$
Year ended 30 June 2019		
Balance at the beginning of year	32,133	32,133
Additions	1,363	1,363
Depreciation expense	<u>(3,156)</u>	<u>(3,156)</u>
Balance at the end of the year	<u>30,340</u>	<u>30,340</u>

	Furniture, Fixtures and Fittings	Total
	\$	\$
Year ended 30 June 2018		
Balance at the beginning of year	34,652	34,652
Additions	589	589
Depreciation expense	<u>(3,108)</u>	<u>(3,108)</u>
Balance at the end of the year	<u>32,133</u>	<u>32,133</u>

Notes to the Financial Statements
For the Year Ended 30 June 2019

10 Other Assets

	2019	2018
	\$	\$
CURRENT		
Prepayments	1,068	2,487
Accrued income	15,139	9,022
Franking credit receivable	21,180	12,232
	<u>37,387</u>	<u>23,741</u>

11 Trade and Other Payables

	2019	2018
	\$	\$
Current		
Trade payables	-	57,662
Accrued expenses	8,948	8,377
GST payable	-	681
Other payables	16,246	11,727
Superannuation payable	1,129	20,818
	<u>26,323</u>	<u>99,265</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

12 Income in advance

	2019	2018
	\$	\$
Grant in advance	32,280	72,218
	<u>32,280</u>	<u>72,218</u>

13 Employee Benefits

	2019	2018
	\$	\$
Current liabilities		
Long service leave	-	26,109
Annual leave	8,880	23,377
	<u>8,880</u>	<u>49,486</u>
	2019	2018
	\$	\$
Non-current liabilities		
Long service leave	326	-
	<u>326</u>	<u>-</u>

Notes to the Financial Statements For the Year Ended 30 June 2019

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

Specific risks

- Liquidity risk
- Credit risk
- Market risk - price risk and interest rate risk

Financial instruments used

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

- Trade receivables
- Cash at bank
- Trade and other payables
- Mixed investment portfolio

	2019 \$	2018 \$
Financial assets		
Cash and cash equivalents	-	239,056
Held-to-maturity financial assets	-	200,000
Trade receivable	-	41,564
Mixed investment portfolio	-	886,423
Held at amortised cost		
Cash and cash equivalents	173,715	-
Held-to-maturity investments	195,371	-
Trade receivables	248	-
Mixed investment portfolio	1,097,019	-
Total financial assets	1,466,353	1,367,043
Financial liabilities		
Trade and other payables	-	98,584
Financial liabilities at fair value		
Trade and other payables	26,322	-
Total financial liabilities	26,322	98,584

Notes to the Financial Statements

For the Year Ended 30 June 2019

14 Financial Risk Management

Objectives, policies and processes

The Directors have overall responsibility for the establishment of Australian Institute of International Affairs's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk and credit risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Australian Institute of International Affairs's activities.

The day-to-day risk management is carried out by Australian Institute of International Affairs's finance function under policies and objectives which have been approved by the Directors. The Chief Executive Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and assessment of market forecasts for interest rate.

The Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

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. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

Financial guarantee liabilities are treated as payable on demand since Australian Institute of International Affairs has no control over the timing of any potential settlement of the liabilities.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

14 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, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

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.

Trade receivables

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company review includes external ratings, if they are available, financial statements, credit agency information and industry information. Credit limits are established for each customer and the utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

The Directors receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Company's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

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 Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

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

Notes to the Financial Statements For the Year Ended 30 June 2019

14 Financial Risk Management

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 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

(i) 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 J.B.Were in order to have expert advice in relation to these investments.

15 Key Management Personnel Remuneration

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

	2019	2018
	\$	\$
Short-term employee benefits	245,945	169,897
Post-employment benefits	19,735	16,072
	<u>265,680</u>	<u>185,969</u>

16 Auditors' Remuneration

	2019	2018
	\$	\$
Remuneration of the auditor Hardwickes Chartered Accountants, for:		
- Auditing or reviewing the financial statements	5,400	4,900
	<u>5,400</u>	<u>4,900</u>

17 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2019 (30 June 2018:None).

Notes to the Financial Statements For the Year Ended 30 June 2019

18 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

	2019	2018
	\$	\$
Surplus for the year	221,312	7,868
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- Depreciation	3,156	3,108
- Unrealised gain	-	1,267
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	41,755	(32,636)
- (increase)/decrease in prepayments	(14,084)	(13,877)
- increase/(decrease) in income in advance	(39,938)	72,218
- increase/(decrease) in trade and other payables	(87,441)	70,007
- increase/(decrease) in employee benefits	(25,783)	2,096
Cashflows from operations	<u>98,977</u>	<u>110,051</u>

19 Events after the end of the Reporting Period

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.

20 Statutory Information

The registered office and principal place of business of the company is:

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

Australian Institute of International Affairs

ABN: 34 000 045 170

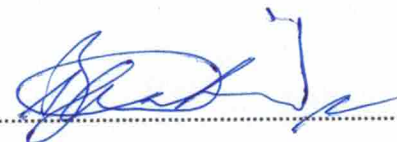
Responsible Persons' Declaration

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 21/11/19 .

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Institute of International Affairs, which comprises the statement of financial position as at 30 June 2019, 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 responsible persons' declaration.

In our opinion the financial report of Australian Institute of International Affairs has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of Australian Institute of International Affairs Ltd's financial position as at 30 June 2019 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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 Australian Institute of International Affairs Ltd in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) 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 Directors for the Financial Report

The Directors of Australian Institute of International Affairs Ltd are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the Directors determine 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 Directors are responsible for assessing Australian Institute of International Affairs Ltd'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 the Directors either intends to liquidate Australian Institute of International Affairs Ltd or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Australian Institute of International Affairs Ltd'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.



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

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 Australian Institute of International Affairs Ltd's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible persons.
- Conclude on the appropriateness of the responsible persons 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 Australian Institute of International Affairs Ltd'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 Australian Institute of International Affairs Ltd 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 those charged with governance 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.

Hardwickes

Hardwickes
Chartered Accountant

R Johnson

Robert Johnson FCA
Partner

Canberra

21 November 2019

