Australian Institute of International Affairs Ltd

ABN: 34 000 045 170

Financial Statements

For the Year Ended 30 June 2018

Australian Institute of International Affairs Ltd

ABN: 34 000 045 170

Contents

For the Year Ended 30 June 2018

Directors' Report
For the Year Ended 30 June 2018

The directors present their report on the Australian Institute of International Affairs Ltd (AIIA) for the financial year ended 30 June 2018.

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
Hon Kim Beazley AC	National President	Appointed: 01/03/2016/ Resigned 15/10/2017
Mr Allan Gyngell	National President	Appointed:15/10/2017
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
Mr Tom Rayner	National Treasurer	Appointed: 12/02/2018
Prof Mark Beeson	Research Chair	Appointed: 17/02/2017
Prof Nick Bisley	Editor of AJIA	Appointed: 01/07/2013/ Resigned: 30/04/2018
Prof Ian Hall	Editor of AJIA	Appointed: 01/05/2018
Assoc Prof Sara Davies	Editor of AJIA	Appointed: 01/05/2018
Mr Gary Quinlan AO	DFAT	Appointed: 18/10/2015
Mr Robert Lowry	ACT President	Appointed: 07/06/2015
Mr Richard Broinowski	NSW President	Appointed: 28/09/2014/ Resigned: 05/12/2017
Mr Ian Lincoln	NSW President	Appointed: 05/12/2017
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/ Resigned: 12/02/2018
Mrs Kim Boyer	TAS President	Appointed: 12/02/2018
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.

Directors' Report
For the Year Ended 30 June 2018

1. 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 relatonships 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.

2. Operating results and review of operations for the year

Operating results

The surplus of the Company amounted to $ 7,868 (2017: deficit $ (205,479)).

3. 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 2018

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
Hon Kim Beazley AC	2	2
Mr Allan Gyngell	4	4
Ms Zara Kimpton OAM	6	6
Ms Melissa Conley Tyler	6	6
Mr Tom Rayner	3	-
Prof Mark Beeson	6	5
Prof Nick Bisley	5	4
Assoc Prof Sara Davies	1	-
Prof Ian Hall	1	-
Mr Gary Quinlan AO	6	2
Mr Richard Broinowski	3	3
Mr Robert Lowry	6	5
Prof Peter John Boyce AO	4	3
Mr Patrick Moore	6	5
Mr John Goodlad	6	6
Ms Kylie Bell	1	1
Ms Kim Boyer	2	2
Assoc Prof Felix Patrikeeff	6	1
Mr Geoffrey Ewing	6	6
Mr Ian Lincoln	3	3

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 2018 has been received and can be found on page 5 of the financial report.

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

Director: .... Director: .... MELISSA CONLEY TYLE
NATIONAL DIRECTO

ADOPTED

Dated 16/10/2018

Hardwickes
more than accounting

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Hardwickes Partners Pty Ltd
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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 2018, 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

R Johnson

Robert Johnson FCA
Partner

16 October 2018

Canberra

Australian Institute of International Affairs Ltd

ABN: 34 000 045 170

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2018

	Note	2018 $	2017 $
Revenue and Other Income	4	**651,469**	804,157
Gain on disposal of assets	4	**-**	50,000
Administrative expenses		**(187,499)**	(80,900)
Employment costs		**(190,598)**	(224,450)
Euan Crone scholarships		**(10,000)**	(17,110)
Finance costs		**-**	(45,890)
Indonesia Dialogue expenses		**(28,419)**	(63,386)
Korea Foundation expenses		**(51,913)**	(43,559)
National conference and other seminars		**(49,029)**	(65,718)
Net rent to purchaser		**-**	(235,409)
Nygh scholarships		**(10,000)**	(10,000)
Occupancy costs		**-**	(168,547)
Other expenses		**(66,565)**	(50,519)
Production & editorial costs		**(44,314)**	(49,068)
Youth initiative program		**(5,264)**	(5,080)
Surplus/(deficit) before income tax		**7,868**	(205,479)
Income tax expense		**-**	-
Surplus/(deficit) for the year		**7,868**	(205,479)
Other comprehensive income			
Net fair value movements for investment		**25,620**	1,267
Total comprehensive income for the year		**33,488**	(204,212)

The accompanying notes form part of these financial statements.

Australian Institute of International Affairs Ltd

ABN: 34 000 045 170

Statement of Financial Position

As At 30 June 2018

	Note	2018 $	2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**239,056**	204,693
Trade and other receivables	6	**41,564**	6,856
Short term deposit	7	**200,000**	203,500
Other assets	9	**23,741**	11,935
TOTAL CURRENT ASSETS		**504,361**	426,984
NON-CURRENT ASSETS			
Mixed investment portfolio	7	**886,423**	783,472
Property, plant and equipment	8	**32,133**	34,652
TOTAL NON-CURRENT ASSETS		**918,556**	818,124
TOTAL ASSETS		**1,422,917**	1,245,108
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	**122,642**	52,635
Employee benefits	12	**26,109**	24,013
Income in advance	11	**72,218**	-
TOTAL CURRENT LIABILITIES		**220,969**	76,648
TOTAL LIABILITIES		**220,969**	76,648
NET ASSETS		**1,201,948**	1,168,460
EQUITY			
Reserves		**26,887**	1,267
Retained earnings		**1,175,061**	1,167,193
TOTAL EQUITY		**1,201,948**	1,168,460

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2018

2018

	Retained Earnings	Asset Financial Reserve	Total
	$	$	$
Balance at 1 July 2017	**1,167,193**	**1,267**	**1,168,460**
Surplus attributable to members of the entity	**7,868**	**-**	**7,868**
Revaluation increment (Mixed investment portfolio)	**-**	**25,620**	**25,620**
Balance at 30 June 2018	**1,175,061**	**26,887**	**1,201,948**

2017

	Retained Earnings	Asset Financial Reserve	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

Australian Institute of International Affairs Ltd

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Statement of Cash Flows

For the Year Ended 30 June 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**473,300**	558,600
Payments to suppliers and employees		**(590,161)**	(1,065,055)
Interest received		**2,863**	(1,781)
Interest paid		**-**	(45,891)
Receipt from grants		**224,049**	128,000
Rent receipts		**-**	185,379
Net cash provided by/(used in) operating activities	18	**110,051**	(240,748)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of investment property		**-**	2,300,000
Purchase of investments		**(75,099)**	(985,705)
Purchase of property, plant and equipment		**(589)**	(4,345)
Net cash used by investing activities		**(75,688)**	1,309,950
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of borrowings		**-**	(1,099,015)
Net cash used by financing activities		**-**	(1,099,015)
Net increase/(decrease) in cash and cash equivalents held		**34,363**	(29,813)
Cash and cash equivalents at beginning of year		**204,693**	234,506
Cash and cash equivalents at end of financial year	5	**239,056**	204,693

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2018

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

The functional and presentation currency of Australian Institute of International Affairs Ltd 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 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.

2 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.

2 Summary of Significant Accounting Policies

(f) 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;
- financial assets at fair value through profit or loss;
- 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.

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.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

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.

2 Summary of Significant Accounting Policies

(f) Financial instruments

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. The Company's available-for-sale financial assets comprise funds managed by J.B.Were.

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.

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.

2 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.

(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 9: Financial Instruments and associated Amending Standards	1 July 2018	The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting. The key changes that may affect the entity on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.	The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 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 January 2019	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: -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.	The entity is yet to undertake a detailed assessment of the impact of AASB 1058. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

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

	2018	2017
	$	$
Revenue		
- Capitation	**4,263**	3,048
- Donations	**63,886**	67,950
- Editorial fees and publications	**54,601**	52,939
- Grants	**224,049**	160,128
- Interest received	**790**	87
- Investment earnings	**51,095**	6,760
- Rent and room hire	**3,639**	185,856
- Nygh fund	**5,804**	6,367
- Other income	**92,002**	151,712
- Registration fees and sponsorships	**64,761**	89,241
- Royalties	**86,579**	80,069
	651,469	804,157
Other revenue		
- Gain on disposal of assets	**-**	50,000
	-	50,000
Total revenue and other income	**651,469**	854,157

Notes to the Financial Statements
For the Year Ended 30 June 2018

5 Cash and Cash Equivalents

	2018	2017
	$	$
Cash at bank and in hand	**237,065**	200,267
Other cash & cash equivalent	**1,991**	4,426
	239,056	204,693

6 Trade and Other Receivables

	2018	2017
	$	$
Trade receivables	**41,564**	6,856
	41,564	6,856

7 Other Financial Assets

	2018	2017
	$	$
CURRENT		
Short term deposits	**200,000**	203,500
	200,000	203,500
NON-CURRENT		
Mixed investment portfolio	**886,423**	783,472
	886,423	783,472
Total	**1,086,423**	986,972

Notes to the Financial Statements
For the Year Ended 30 June 2018

8 Plant and equipment

	2018	2017
	$	$
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	**204,333**	203,744
Accumulated depreciation	**(172,200)**	(169,092)
Total furniture, fixtures and fittings	**32,133**	34,652

(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 2018		
Balance at the beginning of year	**34,652**	**34,652**
Additions	**589**	**589**
Depreciation expense	**(3,108)**	**(3,108)**
Balance at the end of the year	**32,133**	**32,133**

	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	34,652	34,652

9 Other Assets

	2018	2017
	$	$
Prepayments	**2,487**	7,592
Accrued income	**9,022**	4,343
Franking credit receivable	**12,232**	-
	23,741	11,935

Notes to the Financial Statements

For the Year Ended 30 June 2018

10 Trade and Other Payables

	2018	2017
	$	$
Current		
Trade payables	**57,662**	2,751
GST payable	**681**	-
Annual leave provision	**23,377**	21,668
Accrued expenses	**8,377**	9,160
Sundry payable	**20,748**	17,876
Superannuation payable	**11,797**	1,180
	122,642	52,635

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.

(a) Financial liabilities at amortised cost classified as accounts payable and other payables

	Note	2018	2017
		$	$
Trade and other payables:			
Trade and other payables		**122,642**	52,635
		122,642	52,635
Less:			
GST Payable		**681**	-
Financial Liabilities as trade and other payables	14	**123,323**	52,635

11 Income in advance

	2018	2017
	$	$
Income in advance	**72,218**	-
	72,218	-

12 Employee Benefits

	2018	2017
	$	$
Current liabilities		
Long service leave	**26,109**	24,013
	26,109	24,013

13 Reserves

Financial asset reserve

Change in the fair value of available for sale investments are recognised in other comprehensive income - financial asset reserve. Amounts are reclassified to profit or loss on disposal of the investment or when an impairment arises.

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 - currency 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

14 Financial Risk Management

(a) Summary Table

	Note	2018 $	2017 $
Financial Assets			
Cash and cash equivalent	5	**239,056**	204,693
Trade receivables	6	**41,564**	6,856
Mixed investment portfolio	7	**886,423**	783,472
Held-to-maturity financial assets	7	**200,000**	203,500
Total financial assets		**1,367,043**	1,198,521
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	10(a)	**122,642**	52,635
Total financial liabilities		**122,642**	52,635

Objectives, policies and processes

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

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

The day-to-day risk management is carried out by Australian Institute of International Affairs Ltd'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 foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

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

14 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; and
- only investing surplus cash with major financial institutions;

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.

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 J.B.Were 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.

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 Ltd during the year are as follows:

	2018	2017
	$	$
Short-term employee benefits	**169,897**	102,530
Post-employment benefits	**16,072**	9,740
	185,969	112,270

16 Auditors' Remuneration

	2018	2017
	$	$
Remuneration of the auditor Hardwickes Chartered Accountants, for:		
- Auditing or reviewing the financial statements	**4,900**	4,900
	4,900	4,900

17 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2018 (30 June 2017:None).

Notes to the Financial Statements

For the Year Ended 30 June 2018

18 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:

		2018	2017
		$	$
Surplus for the year		**7,868**	(205,479)
Cash flows excluded from profit attributable to operating activities			
Non-cash flows in profit:			
- Depreciation	8	**3,108**	2,505
- 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		**(32,636)**	59,857
- (increase)/decrease in prepayments		**(13,877)**	(1,154)
- increase/(decrease) in income in advance		**72,218**	(50,000)
- increase/(decrease) in trade and other payables		**70,007**	(5,623)
- increase/(decrease) in employee benefits		**2,096**	9,146
Cashflows from operations		**110,051**	(240,748)

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:

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 .... TOM RAYNER, AIIA NATIONAL TREASURER

Responsible person .... MELISSA CONLEY TYLER, AIIA NATIONAL DIRECTOR

Dated ADOPTED 16/10/18

Hardwickes
more than accounting

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Hardwickes Partners Pty Ltd
ABN 21 008 401 536

Liability limited by a scheme
approved under Professional
Standards Legislation

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, which comprises the statement of financial position as at 30 June 2018, 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 Ltd 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 2018 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 Responsible Persons for the Financial Report

The Responsible persons 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 responsible persons 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 responsible persons 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 responsible persons 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.

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

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

16 October 2018

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND