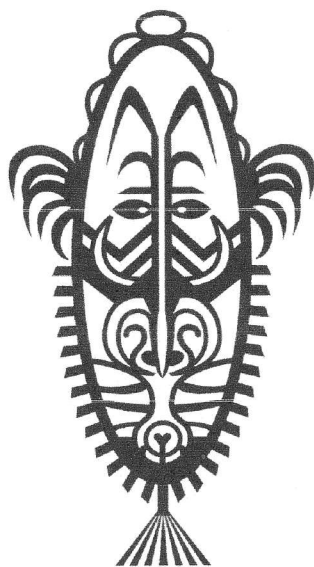


**PAPUA NEW GUINEA ASSOCIATION
OF AUSTRALIA INCORPORATED**

ABN: 35 027 362 171



FINANCIAL STATEMENTS

31 DECEMBER 2019

PAPUA NEW GUINEA ASSOCIATION OF AUSTRALIA INC.

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INDEPENDENT AUDIT REPORT

To the members of the **PAPUA NEW GUINEA ASSOCIATION OF AUSTRALIA INC.**

SCOPE

We have audited the attached special purpose financial report comprising the Statement of Financial Position and Operating Statement and Notes to the financial position of the PAPUA NEW GUINEA ASSOCIATION OF AUSTRALIA INC. for the period ended 31ST DECEMBER, 2019. The entity's Committee of Management is responsible for the preparation and presentation of the financial report and the information contained therein, and have determined that the accounting policies used are consistent with the financial reporting requirements of the entity's constitution and are appropriate to meet the needs of the members. We have conducted an independent audit of the financial report in order to express an opinion to the members of the PAPUA NEW GUINEA ASSOCIATION OF AUSTRALIA INC. on its preparation and presentation. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

The financial report has been prepared for distribution to members for the purpose of fulfilling the Committee of Management's financial reporting requirements under the entity's constitution. We disclaim and assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures include examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies described in Note 1 to the financial statements. (These policies do not require the application of all Statements of Accounting Concepts and Accounting Standards).

The audit opinion expressed in this report has been formed on the above basis.

QUALIFICATION

As is common for organisations of this type although total income has been verified it was not possible to verify the total received before receipts being issued and the allocation of income. Therefore our audit in relation to the above activities was limited to the amounts recorded.

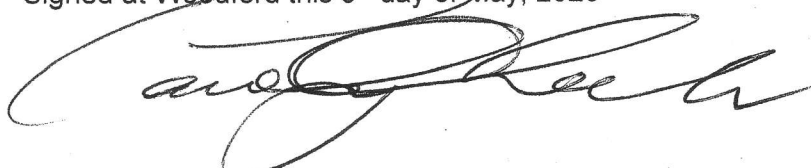
AUDIT OPINION

In our opinion other than the qualifications above, the financial reports present fairly in accordance with accounting policies described in Note 1 to the financial statements the financial position of the PAPUA NEW GUINEA ASSOCIATION OF AUSTRALIA INC. as at 31ST DECEMBER, 2019 and the results of its operations for the period then ended.

INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Signed at Woodford this 5th day of May, 2020



CAROLYN WHEELER
C.M. WHEELER & ASSOCIATES
FELLOW OF CERTIFIED PRACTISING ACCOUNTANTS



PAPUA NEW GUINEA ASSOCIATION OF AUSTRALIA INC.

(Formerly the Retired Officers' Association of Papua New Guinea, Inc.)

Incorporated in New South Wales - ABN 35 027 362 171

STATEMENT BY THE COMMITTEE

The Committee has determined that the Association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.


In the opinion of the Committee:-

- i. the accompanying financial statements, as set out on pages 3 to 9, of the Papua New Guinea Association of Australia Inc. Financial Statements present a true and fair view of the financial position for the year ended 31 December 2019;
- ii. at the date of this statement, there are reasonable grounds to believe that the Papua New Guinea Association of Australia Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:



Max Uechtritz
President



Murrough Benson
Treasurer

Dated this tenth day of May 2020

PAPUA NEW GUINEA ASSOCIATION OF AUSTRALIA INC.

STATEMENT OF INCOME AND EXPENDITURE
Year ending 31 December 2019

	Notes	2019		2018	
		\$	\$	\$	\$
INCOME					
Membership			36,818.10		38,394
Membership Subscriptions	2	36,818.10		38,394	
Functions	3		11,232.39		10,812
Christmas Luncheon - Sydney		6,707.39		7,992	
Christmas Luncheon - Melbourne		1,470.00		} 2,820	
AGM Luncheon		1,280.00			
Other Functions		1,775.00			
Net Receipts from Trading Activities	4		2,564.18		1,911
Kiap: Stories Behind the Medal (DVD)		195.00		370	
Walk Into Paradise (DVD)		180.00		358	
RMvM 70th Anniversary (DVD)		60.00		123	
When the War Came (Book)		920.00		} 1,060	
The Volcano's Wife (Book)		449.18			
Cloudlands Memoirs (Book)		255.00			
Tote Bags		270.00			
Sales on Commission (non PNGAA items)		235.00			
Other Income	5		5,498.89		4,120
Donations		607.00			
Membership Directory		104.00			
Raffles/Silent Auctions		1,697.45			
Advertising				254	
Interest - Term Deposits		3,032.44		3,866	
Sundry		58.00			
TOTAL INCOME			56,113.56		55,237
EXPENDITURE					
Una Voce Journal			34,195.49		37,347
Printing & Distribution	6	34,195.49		37,347	
Functions	3		9,883.87		9,952
Christmas Luncheon - Sydney		6,745.57		6,748	
Christmas Luncheon - Melbourne		1,338.80			
AGM Luncheon		1,089.50			
Other Functions		710.00		3,204	
Administration			8,089.50		22,586
Printing, Stationery & Telephone		232.99			
General Postage		686.92		1,108	
Annual Return (Dept of Fair Trading)		46.18		79	
Audit		550.00		550	
Bookkeeping	7	600.00		4,400	
Bank Charges		(62.71)		19	
Insurance	8	2,156.91		2,151	
Storage		2,982.96		3,756	
Website	9	896.25		10,523	
Other Expenses			1,534.12		448
Sundry	10	401.20			
Subscriptions		150.00		755	
Helpim Wantok Project				632	
Income Tax assessed 2019	11	982.92		(939)	
TOTAL EXPENDITURE			53,702.98		70,333
SURPLUS / (DEFICIT)			2,410.58		(15,096)

This statement to be read in conjunction with the notes attached

PAPUA NEW GUINEA ASSOCIATION OF AUSTRALIA INC.

**STATEMENT OF ASSETS AND LIABILITIES
as at 31 December 2019**

	Notes	2019		2018	
		\$	\$	\$	\$
ASSETS					
Current Assets					
Cash and cash equivalents					
			32,350.44		22,754
Current account (CBA)		17,278.83		10,079	
Current account - RMvM (CBA)		13,555.45		12,675	
Savings account (Qudos Bank - interest earned on Term Deposits)		1,516.16			
Inventories					
	4		13,454.00		15,635
DVD - Kiap: Stories Behind the Medal [224]		2,240.00		2,360	
DVD - Walk Into Paradise [221]		1,105.00		1,295	
DVD - RMvM 70th Anniversary [520]		2,600.00		2,685	
DVD - Some Came Home [447]		2,235.00		2,235	
Book - When the War Came [139]		4,170.00		5,580	
Tote Bags [138]		1,104.00		1,480	
Investments					
	5		120,000.00		131,515
Term Deposit (CBA)				50,575	
Term Deposit - RMvM (CBA)				80,940	
Term Deposit (Qudos Bank)		40,000.00			
Term Deposit - RMvM (Qudos Bank)		80,000.00			
TOTAL ASSETS			165,804.44		169,904
LIABILITIES					
Current Liabilities					
			32,513.39		34,479
Subscriptions in Advance (next year)		20,078.73		21,163	
Provision for Income Tax	11	828.92		(939)	
Other Creditor	12			12,605	
Provision - Special Projects	12	11,605.74			
Accounts Payable				1,650	
Long Term Liabilities					
			4,829.78		7,498
Subscriptions in Advance (2 years ahead)		4,444.78		5,529	
Subscriptions in Advance (3 years ahead)		385.00		1,969	
TOTAL LIABILITIES			37,343.17		41,977
NET ASSETS			128,461.27		127,927
Represented by:					
General Reserve		32,952.97		27,267	
Historical Preservation Reserve		13,633.35		13,243	
RMvM Reserve		81,874.95		81,010	
Retained Earnings				6,407	
TOTAL MEMBER FUNDS			128,461.27		127,927

PAPUA NEW GUINEA ASSOCIATION OF AUSTRALIA INC.

STATEMENT OF CHANGES IN EQUITY
for year ended 31 December 2019

	Notes	General Reserve	Historical Preservation Reserve	Rabaul & Montevideo Maru (RMvM) Reserve	Retained Earnings	Total
		\$	\$	\$	\$	\$
Balance 1 January 2018		27,266.99	13,242.85	80,942.00	21,571.00	143,022.84
Operating Surplus/(Loss) for 2018 (as reported)				68.00	(15,163.51)	(15,095.51)
Balance 31 December 2018 (as reported)		27,266.99	13,242.85	81,010.00	6,407.49	127,927.33
Adjustment to Operating Loss for 2018 (Income Tax)	13				(1,523.70)	(1,523.70)
Adjusted Balances 31 December 2018		27,266.99	13,242.85	81,010.00	4,883.79	126,403.63
Transfer excess funds from Gideon Kakabin Appeal (net)	12			11,605.74		11,605.74
Balance Date Adjustments 2019 (transfer Retained Earnings)		4,623.79	260.00		(4,883.79)	0.00
Operating Surplus/(Loss) for 2019	14	1,415.13	130.50	864.95		2,410.58
Inventory Write-off	15	(606.00)				(606.00)
Special Projects Provision	12			(11,605.74)		(11,605.74)
Unexplained Discrepancy Adjustment	16	253.06				253.06
Balance 31 December 2019		32,952.97	13,633.35	81,874.95	0.00	128,461.27

PAPUA NEW GUINEA ASSOCIATION OF AUSTRALIA INC.

STATEMENT OF CASHFLOWS
for the year ended 31 December 2019

	Notes	2019 \$	2018 \$
Cash inflows/(outflows) from operating activities			
Trading income	4	4,954.99	5,463
Subscriptions		33,065.37	34,579
Function receipts	3	11,232.39	10,812
Raffle/Silent Auction receipts	5	1,697.45	
Interest received	5	3,032.44	3,866
Donations (Sundry)		769.00	
Donations (GK net)			12,605
Function expenses	3	(9,883.87)	(9,952)
Payments to suppliers		(46,047.67)	(75,080)
Income tax paid		(738.92)	(713)
Net inflow for the year		(1,918.82)	(18,420)
Cash – 1 January 2019		154,269.26	172,689
Cash – 31 December 2019		152,350.44	154,269

PAPUA NEW GUINEA ASSOCIATION OF AUSTRALIA INC.

**Notes to the Financial Statements
for the year ended 31 December 2019**

Note 1 - Statement of Significant Accounting Policies

This special purpose financial report has been prepared for distribution to members to fulfil the Committee of Management's financial reporting requirements under the entity's constitution. The accounting policies used in the preparation of this report, as described below, are consistent with the financial reporting requirements of the entity's constitution and are, in the opinion of the Committee of Management, appropriate to meet the needs of members.

(a) The financial report has been prepared on a modified accrual basis of accounting including the historical cost convention and the going concern assumption.

(b) The requirements of the Australian Accounting Standards and the Statements of Accounting Concepts promulgated by the Australian Society of Certified Practising Accountants and the Institute of Chartered Accountants in Australia do not have mandatory applicability to the PAPUA NEW GUINEA ASSOCIATION OF AUSTRALIA INCORPORATED in relation to the year ended 31 December 2019 because the entity is not a 'reporting entity' as defined therein. The Committee of Management has not therefore prepared the financial report in accordance with Australian Accounting Standards. The requirements of Statements of Accounting Concepts have been complied with only to the extent that they coincide with the accounting policies described in this Note.

	2019 \$	2018 \$
Note 2 - Membership Subscriptions		
Brought forward from previous year	21,162.71	23,426.15
Current year subscriptions	<u>15,655.39</u>	<u>14,968.00</u>
	<u>36,818.10</u>	<u>38,394.15</u>

Note 3 - Functions

Christmas Luncheon: Sydney - Income	6,707.39	7,992.00
Christmas Luncheon: Sydney - Expenses	<u>(6,745.57)</u>	<u>(6,748.00)</u>
Surplus / (Deficit)	<u>(38.18)</u>	<u>1,244.00</u>
Christmas Luncheon - Melbourne - Income	1,470.00	
Christmas Luncheon - Melbourne - Expenses	<u>(1,338.80)</u>	
Surplus / (Deficit)	<u>131.20</u>	
AGM Luncheon - Income	1,280.00	2,820.00
AGM Luncheon - Expenses	<u>(1,089.50)</u>	<u>(3,204.00)</u>
Surplus / (Deficit)	<u>190.50</u>	<u>(384.00)</u>
Other Functions - Income	1,775.00	
Other Functions - Expenses	<u>(710.00)</u>	
Surplus / (Deficit)	<u>1,065.00</u>	
Total Function Income	11,232.39	10,812.00
Total Function Expenses	<u>(9,883.87)</u>	<u>(9,952.00)</u>
Surplus / (Deficit) for the Year	<u>1,348.52</u>	<u>860.00</u>

See Note 5 for additional revenue raised through raffles and silent auction at functions.
Breakup not available for 2018 functions other than Sydney Christmas luncheon.

Note 4 - Trading Activities

DVD Sales

Kiap: Story Behind the Medal (12)	340.00	370.00
Walk Into Paradise (37)	548.26	358.00
Rabaul & Montevideo Maru 70 th Anniversary (4)	<u>95.00</u>	<u>123.00</u>
	983.26	851.00
Less: Cost of goods sold	<u>(548.26)</u>	<u>0.00</u>
	<u>435.00</u>	<u>851.00</u>

Book Sales

When the War Came (31)	2,170.00	
The Volcano's Wife (18)	496.73	4,550.00
Cloudlands Memoirs (17)	<u>267.00</u>	
	2,933.73	4,550.00
Less: Cost of goods sold	<u>(1,309.55)</u>	<u>(3,490.00)</u>
	<u>1,624.18</u>	<u>1,060.00</u>

Breakup not available for 2018 book sales.

Tote Bags (40)

	658.00	
Less: Cost of goods sold	<u>(388.00)</u>	
	<u>270.00</u>	<u>0.00</u>

Book/DVD (Non-PNGAA) Sales on Commission

	380.00	
Less: Cost of goods sold	<u>(145.00)</u>	
	<u>235.00</u>	<u>0.00</u>

Total Trading Activities - Gross Sales

	4,954.99	5,401.00
Total Trading Activities - Cost of Goods Sold	<u>(2,390.81)</u>	<u>(3,490.00)</u>
	<u>2,564.18</u>	<u>1,911.00</u>

PAPUA NEW GUINEA ASSOCIATION OF AUSTRALIA INC.

Notes to the Financial Statements
for the year ended 31 December 2019

	2019	2018
	\$	\$
Note 5 - Other Income		
Membership Directory	104.00	
Membership Directory (26) supplied to members on request.		
Raffles / Silent Auctions		
Sydney Christmas luncheon	1,106.00	
Oceanic Art Society Tribal Fair, Sydney	295.00	
Other functions	296.45	
	<u>1,697.45</u>	<u>0.00</u>
Included in Function income in 2018.		
Interest - Term Deposits		
PNGAA	1,080.79	
RMvM - Credited to RMvM Reserve	1,951.65	
	<u>3,032.44</u>	<u>3,866.00</u>
Sundry Income		
Una Voce journals	38.00	
Place mats	20.00	
	<u>58.00</u>	<u>0.00</u>
Note 6 - Una Voce Journal		
Printing costs	24,621.01	29,117.00
Postage and envelopes	9,574.48	8,230.00
	<u>34,195.49</u>	<u>37,347.00</u>
Note 7 - Bookkeeping		
Due to sale of the previous Treasurer's Compliance Practice effective 1 May 2017, the quarterly processing of PNGAA accounts could no longer be provided on a pro bono basis and a quarterly fee of \$1,000 plus GST was agreed. With the change of Treasurer in 2019 this fee was no longer required. The \$600 cost in 2019 was continuation of the subscription to MYOB accounting software.		
Note 8 - Insurance		
Association Liability (Officers and Directors)	1,287.07	1,287.07
Public and Product Liability	869.84	864.34
	<u>2,156.91</u>	<u>2,151.41</u>
Note 9 - Website		
2018 expenditure was largely the cost of developing the new PNGAA website over the previous three years. 2019 expenditure was recurrent expenditure (business hosting, domain renewal and licence fees for various 'plug-ins' required to provide functionality across a range of website applications (eg, online payments, publishing, galleries).		
Note 10 - Other (Sundry) Expenses		
Bus hire - contribution to PNG Women's Assn to participate in CWA seminar on PNG in Dubbo, NSW	250.00	
Table at Oceanic Art Society Tribal Fair, Sydney	100.00	
NSW Department of Fair Trading - Lodgement fee PNGAA Rule changes	51.20	
	<u>401.20</u>	<u>0.00</u>

PAPUA NEW GUINEA ASSOCIATION OF AUSTRALIA INC.

Notes to the Financial Statements
for the year ended 31 December 2019

	2019	2018
	\$	\$
Note 11 - Income Tax		
Net receipts from Trading	2,564.18	1,306.00
Interest	<u>3,032.44</u>	<u>3,866.00</u>
Gross Income for Tax Purposes	5,596.62	5,172.00
Less Administration Expenses (25% allowable)	<u>(2,022.38)</u>	<u>(5,993.00)</u>
Taxable Income	<u>3,574.25</u>	<u>(821.00)</u>
Tax assessed at 27.5%	982.92	(225.78)
Less: Instalment already paid	<u>(154.00)</u>	<u>(713.00)</u>
Balance payable (i.e. Provision for Income Tax)	<u>828.92</u>	<u>(938.78)</u>

The ATO subsequently reassessed PNGAA's tax liability for 2018 and found errors that resulted in a payment of \$584.92 having to be made for that year. Refer also to Note 13 - Income Tax Adjustment for 2019.

Note 12 - Other Creditor (2018); Provision - Special Projects (2019)

(Refer also to entries in the 'Statement of Changes in Equity')

In the 2018 accounts the balance of the Gideon Kabakin fund appeal, following the meeting of all medical, funeral and repatriation costs to PNG after the passing of Gideon in Canberra in August 2018, was shown as 'Other Creditor'. Donations totalled \$43,262.47 and by 31 December 2018 expenses totalling \$30,656.73 had been met from the fund, leaving a balance of \$12,605.74. A further \$1,000.00 was disbursed in the year ended 31 December 2019 leaving a balance of \$11,605.74. In determining how these 'surplus' funds could best be used in preserving Gideon's memory, the PNGAA Committee has resolved to transfer the surplus funds to the Rabaul and Montevideo Maru (RMvM) Reserve and to create a provision to facilitate, at the discretion of the PNGAA Committee, the funding of special projects within the Gazelle Peninsula in memory of Gideon Kakabin.

Note 13 - Income Tax Adjustment for 2018

An error was made in estimating the Income Tax Provision for the year ended 31 December 2018 in the amount of (Cr) \$938.78. The ATO in their 2018 Assessment advised that the correct amount was (Dr) \$584.92. 2018 surplus adjusted as follows:

Reported Surplus (Retained Earnings) for 2018	6,407.49
Incorrect Income Tax provision w/b	<u>(938.78)</u>
	Sub total
ATO Income Tax Assessment 2018	5,468.71
Corrected Surplus (Retained Earnings) 2018	<u>(584.92)</u>
	<u>4,883.79</u>

Note 14 - Operating Surplus / (Loss) for 2019

Historical Preservation Reserve

Net surplus (after tax) from sale of *Walk Into Paradise* DVDs transferred (2019).

Rabaul and Montevideo Maru (RMvM) Reserve

Net of \$1,951.65 gross interest less \$536.70 tax less \$550.00 video editing expense.

Note 15 - Inventory Write-off (General Reserve)

A physical stocktake of items at year end revealed some discrepancies between 'computed' and 'actual' stock levels. These discrepancies have been written off and measures instituted to ensure regular reconciliation of stock items.

Note 16 - Unexplained Discrepancy Adjustment (General Reserve)

With a change of Treasurer after the 2019 AGM, not all balances could be verified and, despite exhaustive examination and enquiry, an amount of \$253.06 had to be written back to the General Reserve.