

# **The Institute for Regional Security Ltd**

**ABN: 48 110 456 856**

## **Financial Statements**

**For the Year Ended 30 June 2018**

# The Institute for Regional Security Ltd

ABN: 48 110 456 856

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For the Year Ended 30 June 2018

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# The Institute for Regional Security Ltd

ABN: 48 110 456 856

## Directors' Report For the Year Ended 30 June 2018

The directors present their report on The Institute for Regional Security Ltd for the financial year ended 30 June 2018.

### 1. General information

#### Directors

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

Andrew Balmaks

Chairman

Andrew is a founder and the Chairman of the Noetic Group which operates both in Australia and overseas. His primary responsibility as the Chief Executive Officer of Noetic Solutions is overseeing its growth and leading projects of strategic significance. He retired from the Australian Army, after 22 years' service, and has continued to work extensively on defence and security matters consulting to a range of Government departments both in Australia and overseas. Andrew typically works with and advises senior executives in relation to their key organisational challenges and has built a strong reputation for dealing with difficult and sensitive issues, demonstrating an ability to 'unpack' these issues and develop 'desensitised' and implementable options to address them. He is a twice former visiting fellow with the University of New South Wales and sits on a number of boards / advisory bodies including the University of Canberra School of Government Course Advisory Group.

Jim Bancroft

Director

Jim Bancroft retired from the Australian Army in 2004, following a 28-year career. His military career highlights included command of a United Nations Brigade in East Timor, Battalion command and Commandant of the Australian Army Command and Staff College at Queenscliff. Commercial experience has included Director, Northrop Grumman Australia; Government Account Manager for Hewlett Packard and Business Development Manager, Saab Systems Australia. He has recently established his own Company supporting the growth of high Technology Australian SME's.

Brett Biddington AM

Director

Brett Biddington is a Canberra based consultant. He specialises in long term business and partnership development between industry, research organisations and universities, mainly in the space and cyber space sectors. He is also involved with the governance of Australian astronomy and space activities more generally. Previously he was employed by Cisco Systems and before that served in the Royal Australian Air Force, specialising in intelligence and security.

Jasmin Craufurd-Hill

Director

Jasmin Craufurd-Hill is a Management lecturer and consultant who has held both senior and project management roles within the government, not for profit and emergency services sectors. She currently serves as an Executive Board Member of Women in Nuclear (WiN) Global and previously served as the I&C Team Leader for the OPAL Reactor's Commissioning Operations Group at the Australian Nuclear Science and Technology Organisation (ANSTO). She is an Associate Fellow of the Australian Institute of Management and a member of both the Australian Institute of Company Directors and the Australian Institute of Project Management.

# The Institute for Regional Security Ltd

ABN: 48 110 456 856

## Directors' Report For the Year Ended 30 June 2018

### 1. General information

#### Directors

Simon Cullen AM,CSC

#### Deputy Chairman

Rear Admiral Simon Cullen AM CSC retired from the Royal Australian Navy in late 2014, following a 38 year career. His career highlights included command at sea and ashore, extensive operational service and appointments to key senior military positions in the United States. Rear Admiral Cullen is now pursuing a portfolio of new challenges, ranging from consulting to working in the not-for-profit and charity sectors. He resides in Canberra.

Andrew McKinnie

#### Director

Drew McKinnie served for over 34 years in the RAN, as an Engineer Officer, completing full time service as Director General Major Surface Ships. He is now serving as a Reserve Commodore on the Defence Independent Seaworthiness Management Review Panel. He is an expert negotiation consultant, strategist and trainer, with expertise in strategic and enterprise risk management. He is Chairman of Operations for the Gliding Federation of Australia. Drew has a Bachelor of Engineering (Electrical) and Master of Arts in Strategic Studies.

Peter Nicholson, AO

#### Executive Director

One of the five founding directors of the Kokoda Foundation and a former senior Air Force officer who has held several operational command and strategic level joint staff appointments. He has commanded the RAAF combat force, served as the Head of Strategic Policy and Plans, and as the Chief Knowledge Officer of the Department of Defence. Since leaving the RAAF he has had extensive experience in the defence industry sector particularly in relation to government relations.

Rebekka Wheate

#### Secretary

Rebekka Wheate has over 15 years experience in the national security community and is currently a Senior Advisor at the Department of The Prime Minister and Cabinet. This follows previous policy and operational roles in the Australian Border Force, Australian Federal Police, and the Department of Foreign Affairs and Trade.

Nicole Quinn

#### Deputy Chair- appointed 28 November 2017

Nicole Quinn is the Director of Government Relations at Parker & Partners and heads up the Canberra operations of opr Agency. Nicole has more than 20 years' experience advising in executive management, advocacy and stakeholder relations at the Federal Government level. Firstly in Sydney and then Canberra, Nicole has held senior roles in marketing, communications, sponsorship and stakeholder relations in the corporate sector, with peak industry bodies and Federal Government Agencies. Nicole is currently also a board member of the air power think tank and the Sir Richard Williams Foundation.

# The Institute for Regional Security Ltd

ABN: 48 110 456 856

## Directors' Report For the Year Ended 30 June 2018

### 1. General information

#### Directors

Christine Zeitz

Director

Christine Zeitz is Chief Executive Officer of Leidos Australia. Christine is responsible for the performance and delivery of programs, as well as strategic growth of Leidos Australia and Asia Pacific. The business has revenues of approximately \$400M and over 1000 staff, principally located in Canberra and Melbourne. Since joining Lockheed Martin (LM) in August 2015, she managed LM's Information Systems and Global Solutions (IS&GS) business in Australia and Asia Pacific, prior to the business merging with Leidos. Following a 25 year career with BAE Systems, where she was based in Australia, UK and Japan, Christine has a record of achieving excellent business outcomes in challenging circumstances across geographic regions. Christine was part of BAE System's management board and held senior positions in logistics, strategy, business development, commercial, procurement, government relations and communications.

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

#### Company Secretary

The following person held the position of Company secretary at the end of the financial year:

- Rebekka Wheate

#### Principal activities

The principal activities of The Institute for Regional Security Ltd during the financial year were:

- The Institute undertakes research projects on key national security challenges. These research projects are always led by a person very knowledgeable in the field. The project director usually convenes a series of closed workshops involving senior officials and experts of relevance to discuss the key elements of the topic prior to drafting a project report. The Institute's project reports are usually published as Kokoda Papers.
- The Institute publishes Australia's only refereed journal on security and defence issues. *Security Challenges* is published three times per year.

## **Directors' Report**

### **For the Year Ended 30 June 2018**

#### **1. General information**

##### **Principal activities**

- The Institute organises and conducts an Australia-United States-Japan Strategic Dialogue, comprising a Strategic Dialogue and Annual Dinner each year. Participants include senior officials and Defence Force personnel from the United States, Japan and Australia.
- The Institute organises and hosts the Future Strategic Leaders' program (FSLP). This is a program that has been designed from the ground up to foster the strategic analytical and professional skills of those who have been employed by one of the agencies of the Australian national security community, or national security-related industry during the last five years. It is also open to those graduates or university students who aspire to make their careers within the Australian national security community.
- The Institute, as part of the Future Strategic Leaders Program, organises and hosts two Future Strategic Leaders' Congresses each year. The purposes of the Congresses are to enable Future Strategic Leaders to meet and network with senior national security decision makers; foster the professional development of Future Strategic Leaders through seminars, workshops, hypotheticals and informal discussions; facilitate networking of Future Strategic Leaders with their professional colleagues in other organisations and; foster the development of esprit de corps amongst the Future Strategic Leaders.
- The Institute runs an Executive Business Breakfast series to provide networking and career development opportunities for Future Strategic Leaders who are looking to move into senior management. Key senior personnel from within Defence and other National Security organisations each host a breakfast quarterly for a small number of participants at EL1/EL2 level.
- The Institute runs a series of seminars for Women in National Security (WiNS). The aim of the WiNS program is to promote opportunity and retention of careers for women in national security
- The Institute has introduced a new program Women in National Security Engagement Network for senior women in national security. The program aims to increase participation in events of women at the highest levels through networking and engagement opportunities in a trusted forum.
- The Senior Managers Symposium aims to provide professional development opportunities for middle level managers. Individuals are nominated by organisations to take part in an annual conference on a topic of relevance across national security organisations in government and industry.

##### **Short term objectives**

The IFRS mission is to promote regional stability and prosperity. As an international think tank, IFRS pursues the mission by crafting a portfolio of activities, programs and events that deliver Insights, Ideas, and Impact.

The Institute for Regional Security operates with three core objectives:

- Focus on "long-term" security challenges that have immediate implications and outline these persuasively;
- Generate leading research publications that are easily accessible to an interested public ; and
- Focus on developing the next generation of strategic leaders domestically and internationally:

IFRS has identified the need to contract a dedicated research coordinator to expend and provide a consistent and comprehensive research program.

##### **Long term objectives**

Since 2015, the Institute has experienced an increase in support from Government Departments through membership and participation in all its programs. The change in our business model has continued to see a more secure source of funding through government and corporate memberships while still seeking traditional program/research specific sponsorship.

## **Directors' Report**

### **For the Year Ended 30 June 2018**

#### **1. General information**

##### **Long term objectives**

As a not-for-profit organization IFRS is in a unique position in the security environment. Our overall objective is to improve the quality of public policy in the national security domain. Framed as a think tank, the Institute produces research papers and continues to develop its brand for networking, convention power and events that have significant reach and deep long-term impact in the security community domestically and internationally. Specific event and network based programs are designed to develop the emerging generation of strategic leaders domestically and internationally.

The long term IFRS strategy is to continue to achieve our objective built on experience and reputation. In addition to traditional programs which continue to be popular, IFRS has identified areas for further development and research such as the expansion of professional development middle managers. IFRS aims to increase funding through a benefactor or partnerships to allow the organisation to grow and produce more research and additional programs. Continuing goals and programs include:

- Effective combination of civilian, military, academic and industry leadership to create unique national outcomes.
- High quality event, management, leadership and operations staff whose personal commitment and dedication regularly guarantees the Institute's success.
- Exceptional "convening power": (Individuals come to IFRS events because the events are "IFRS"; because of the networks IFRS engages; and because of the consistently high quality of events and their support staff.)
- Active utilisation of our networks to create practical security outcomes for the good of the Australian and international community.
- Partnerships with Departments, Agencies and Industry for projects, events and operations to achieve comprehensive coverage of the security spectrum.
- Committed Staff and a Board of Directors have built an organisation that is "LEAN" and "SMART". It is widely recognised that we produce a lot with a little; remain results focused; consistently maintain high brand reputation; and actively promote IFRS whenever possible.
- A compelling web presence and imaginative product distribution that successfully promotes IFRS' brand.
- A funding base commensurate to our strengths, designed to foster shared outcomes between IFRS and sponsorship partners:
- Pursue collaborative partnerships with other think tanks both in Australia and internationally.

##### **Principal Activities supporting IFRS objectives**

The principal activities of the Company during the financial year were:

- IFRS undertakes research projects on key national security challenges. These research projects are led by persons very knowledgeable in the field. The project director usually convenes a series of closed workshops involving senior officials and experts of relevance to discuss the key elements of the topic prior to drafting a project report. The Institute's project reports are published as Kokoda Papers.
- IFRS publishes Australia's first refereed journal on security and defence issues, *Security Challenges*. The journal is published quarterly and three editions were published in FY 2017/18.

# The Institute for Regional Security Ltd

ABN: 48 110 456 856

## Directors' Report For the Year Ended 30 June 2018

### 1. General information

#### Principal Activities supporting IFRS objectives

- IFRS organises and conducts an Australia, United States, Japan Strategic Dialogue, comprising a Strategic Dialogue and a public dinner each year. Participants included senior United States, Japanese and Australian officials and senior military personnel. In September 2017 the topic was *Australia-United States-Japan Multidimensional Security: Integrating Regional Policies*.
- The Institute organises and hosts the IFRS Future Strategic Leaders' Program (FSLP). This program has been designed to foster the strategic analytical and professional skills of those who have been employed by one of the agencies of the Australian national security community, or national security related industry during the last ten years. It is also open to those graduates or university students who aspire to make their careers within the Australian national security community. In 2017/18 the Institute ran a Careers night, 10 FSLP networking events a trivia night..
- The Institute as part of the IFRS Future Strategic Leaders Program, organises and hosts two Future Strategic Leaders' Congresses each year. The purposes of the Congresses are to enable Future Strategic Leaders to meet and network with senior national security decision makers; foster the professional development of Future Strategic Leaders through seminars, workshops, hypotheticals and informal discussions; facilitate networking of Future Strategic Leaders with their professional colleagues in other organisations and; foster the development of an *esprit de corps* amongst the Future Strategic Leaders. Two Congresses were held: in October 2017 on the topic *Shaping the future security of the region: avenues to strengthen PNG-Australia relations* and in May 2018 on the topic *The rise of complex autonomous systems: current challenges for national security policymakers*.
- In partnership with the Department of Home Affairs National the Institute held its inaugural National Managers Symposium – a retreat for 40 national managers from across government departments and industry at the EL1 / EL2 level. The topic of the workshop was *Home Affairs: A New Framework*.
- The Institute runs an Executive Business Breakfast (EBB) series to provide networking and career development opportunities for Future Strategic Leaders who are looking to move into senior management. Key senior personnel from within Defence and other National Security organisations each host a breakfast quarterly for a small number of participants at EL1/EL2 level. In 2017/18 two EBBs were held.
- The Women in National Security (WiNS) program ran several breakfast, workshop and networking events providing an opportunity for women at all levels in national security to engage on the issues of gender equality and retention
- The Institute introduced a Women in National Security Senior Engagement Network inaugural dinner for women operating in the highest levels of public service, military and industry. The forum will continue to engage senior women in 2018/19.
- In 2017/18 IFRS began work on a new research paper on *Unmanned and Autonomous Vehicles in the Maritime Environment: Opportunities and Challenges for the Royal Australia Navy*. The project has the support of the Royal Australian Navy and will be completed and published as a Kokoda Paper in 2018/19.

#### Members' guarantee

The Institute for Regional Security Ltd is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 1 for members that are corporations and \$ 1 for all other members, subject to the provisions of the company's constitution.



# The Institute for Regional Security Ltd

ABN: 48 110 456 856

## Directors' Report

For the Year Ended 30 June 2018

### 2. Operating results and review of operations for the year

#### Operating result

The deficit of the Company for the financial year after providing for income tax amounted to \$ (5,466)(2017: profit \$ 25,709).

### 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.

#### Likely Developments and Expected Results

The directors are hopeful that the 2018/2019 financial year will continue to see an increase in government and corporate membership / sponsorship both traditional and through philanthropy.

#### Environmental Regulation and Performance

The Company's operations are subject to various environmental regulations under both Commonwealth and Territory legislation. The Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those requirements as they apply to the Company.

#### Key Performance Measures

- Financials are reviewed every month by the IFRS Board. Programs are assessed against budget forecasts.
- Strategy and business planning is reviewed annually by the Board.
- Each program and event is evaluated for effectiveness and relevance (including attendee surveys). Event attendance is monitored and benchmarked against previous similar events with a focus on the seniority of attendees and their level of engagement.
- Membership numbers are tracked and retention strategies.
- Sponsorship satisfaction is also tracked with majority of IFRS sponsors being long term and renewing partners.

## Directors' Report For the Year Ended 30 June 2018

### 3. Other items

#### Meetings of directors

During the financial year, 8 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Andrew Balmaks	8	7
Jim Bancroft	8	6
Brett Biddington AM	8	6
Jasmin Craufurd-Hill	8	6
Simon Cullen AM CSC	8	6
Andrew McKinnie	8	6
Peter Nicholson, AO	8	6
Nicole Quinn	6	4
Rebekka Wheate	8	4
Christine Zeitz	8	4

#### Directors Benefits

The IFRS Board is pro bono and directors received no benefits during the year in this role. Peter Nicholson is an Executive Director and is remunerated on a part time contract to provide executive officer services, responsible for sponsorship and senior engagement and oversight of the management of the Institute. Several Board members were partially reimbursed for expenses for travel and remunerated at below market rate for contributions to major research projects and facilitation of programs.

#### Indemnification and insurance of Officers

Policies were renewed covering professional indemnity, public liability and equipment, which were covered under a special package provided by AON for not-for-profit organisations.

#### Auditors independence declaration

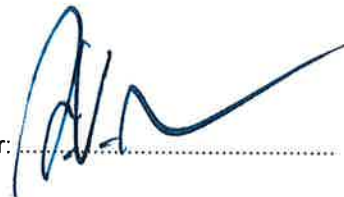
The auditors independence declaration for the year ended 30 June 2018 has been received and can be found on page 9 of the financial report.

Signed in accordance with a resolution of the Members of the Committee:

Committee member: .....



Committee member: .....



Date 19 November 2018

## **Auditor's Independence Declaration under Section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 to the Directors of The Institute for Regional Security Ltd**

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2018, there have been:

- a. 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 review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

*Hardwickes*

Hardwickes  
Chartered Accountants



Robert Johnson FCA  
Partner

Date: 19 November 2018

Canberra

## The Institute for Regional Security Ltd

ABN: 48 110 456 856

### Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2018

		2018	2017
	Note	\$	\$
Revenue	3	719,142	765,196
Accounting fees		(800)	(800)
Administrative expense		(479,159)	(421,407)
Conference expense		(166,803)	(219,877)
Depreciation expense	6(a)	(2,550)	(15,104)
Gifts and prizes		(2,097)	(2,250)
Insurance		(7,185)	(6,091)
Office rent		(16,800)	(15,582)
Other expense		(14,008)	(17,334)
Printing and stationery		(33,723)	(39,653)
Subscriptions		(1,483)	(1,389)
<b>Total expenses</b>		<b>(724,608)</b>	<b>(739,487)</b>
<b>(Deficit)/Surplus before income tax</b>		<b>(5,466)</b>	<b>25,709</b>
Income tax expense	2(a)	-	-
<b>Net (deficit)/surplus attributable to members of entity</b>		<b>(5,466)</b>	<b>25,709</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(5,466)</b>	<b>25,709</b>

The accompanying notes form part of these financial statements.

# The Institute for Regional Security Ltd

ABN: 48 110 456 856

## Statement of Financial Position As At 30 June 2018

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	470,012	436,215
Trade and other receivables	5	15,930	22,211
Other assets	7	32,577	29,924
<b>TOTAL CURRENT ASSETS</b>		<b>518,519</b>	<b>488,350</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	10,399	12,949
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,399</b>	<b>12,949</b>
<b>TOTAL ASSETS</b>		<b>528,918</b>	<b>501,299</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	54,153	110,928
Other financial liabilities	9	250,792	160,932
<b>TOTAL CURRENT LIABILITIES</b>		<b>304,945</b>	<b>271,860</b>
<b>TOTAL LIABILITIES</b>		<b>304,945</b>	<b>271,860</b>
<b>NET ASSETS</b>		<b>223,973</b>	<b>229,439</b>
<b>EQUITY</b>			
Retained earnings		223,973	229,439
<b>TOTAL EQUITY</b>		<b>223,973</b>	<b>229,439</b>

The accompanying notes form part of these financial statements.

# The Institute for Regional Security Ltd

ABN: 48 110 456 856

## Statement of Changes in Equity For the Year Ended 30 June 2018

2018

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2017	229,439	229,439
Deficit attributable to members of the entity	(5,466)	(5,466)
<b>Balance at 30 June 2018</b>	<b>223,973</b>	<b>223,973</b>

2017

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2016	203,730	203,730
Surplus attributable to members of the entity	25,709	25,709
<b>Balance at 30 June 2017</b>	<b>229,439</b>	<b>229,439</b>

The accompanying notes form part of these financial statements.

# The Institute for Regional Security Ltd

ABN: 48 110 456 856

## Statement of Cash Flows For the Year Ended 30 June 2018

	2018	2017
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	880,021	869,706
Payments to suppliers and employees	(847,132)	(725,937)
Interest received	908	1,016
Net cash provided by/(used in) operating activities	16 <u>33,797</u>	<u>144,785</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	6(a) -	(24,343)
Net cash used by investing activities	<u>-</u>	<u>(24,343)</u>
Net increase/(decrease) in cash and cash equivalents held	33,797	120,442
Cash and cash equivalents at beginning of year	436,215	315,773
Cash and cash equivalents at end of financial year	4 <u>470,012</u>	<u>436,215</u>

The accompanying notes form part of these financial statements.

# The Institute for Regional Security Ltd

ABN: 48 110 456 856

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

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

The functional and presentation currency of The Institute for Regional Security Ltd is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

### 1 Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. 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 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.

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

#### Interest revenue

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial asset.

#### Contract and conference income

Contract and conference income are recognised when the Company has provided the services and filled its obligation relating to the contract and conference. A liability is recognised for any unearned amount.



## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2018**

#### **2 Summary of Significant Accounting Policies**

##### **(c) Revenue and other income**

###### **Sponsorship income**

Sponsorship income is recognised when the Company's right to receive payment is established.

###### **Membership fees**

The company charges annual membership fees to its members. Membership revenue is recognised over the period it relates to. A liability is recognised for any membership fees received during the financial year relating to future periods.

###### **Government grants**

Government grants are recognised when the Company receives an asset, including the right to receive cash or other forms of asset without directly giving approximately equal value to the other parties to the transfer. Contributions received or receivable are recognised immediately as revenue when the Company obtains control of the contributions, it is possible that the economic benefits comprising the contribution will flow to the Company and the amount of the contribution can be measured reliably.

###### **Other income**

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

##### **(d) Goods and services tax (GST)**

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

##### **(e) Property, plant and equipment**

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

###### **Plant and equipment**

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to details of impairment).

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

### 2 Summary of Significant Accounting Policies

#### (e) Property, plant and equipment

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

#### Depreciation

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

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Useful life
Plant and Equipment	3 years
Leasehold improvements	10 years

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.

#### (f) Financial instruments

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified at fair value through profit or loss", in which case transaction costs are recognised as expenses in profit or loss immediately.

##### Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2018**

#### **2 Summary of Significant Accounting Policies**

##### **(f) Financial instruments**

###### **Initial recognition and measurement**

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life ( or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

###### *Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss "when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount included in profit or loss.

###### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

###### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

###### *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

The are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2018**

#### **2 Summary of Significant Accounting Policies**

##### **(f) Financial instruments**

###### *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

###### **Impairment**

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of the occurrence of one or more events (a "loss event"), which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications the debtors, or group of debtors, are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

###### **Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

##### **(g) Impairment of Assets**

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

## Notes to the Financial Statements

### For the Year Ended 30 June 2018

#### 2 Summary of Significant Accounting Policies

##### (g) Impairment of Assets

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the sale class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

##### (h) 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.

##### (i) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

##### (j) 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 company 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 accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the company 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	it is impracticable at this stage to provide a reasonable estimate of such impact.

## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 2 Summary of Significant Accounting Policies

#### (j) New Accounting Standards and Interpretations

Standard Name	Effective date for entity	Requirements	Impact
AASB 16: Leases	1 July 2019	<p>When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: 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.</p> <p>The main changes introduced by the new Standard include:</p> <ul style="list-style-type: none"> <li>-recognition of a right-to-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);</li> <li>-depreciation of right-to-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;</li> <li>-variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;</li> <li>-by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and</li> <li>-additional disclosure requirements.</li> </ul> <p>The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.</p>	it is impracticable at this stage to provide a reasonable estimate of such impact.
AASB 1058: Income of Not-for-Profit Entities	1 July 2019	<p>This Standard is applicable to transactions that do not arise from enforceable contracts with customers involving performance obligations. The significant accounting requirements of AASB 1058 are as follows:</p> <ul style="list-style-type: none"> <li>-income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.;</li> <li>- 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. The liabilities must be amortised to profit or loss as income when the entity satisfies its obligations under the transfer.</li> <li>- The entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss. The transitional provisions of this Standard permit an entity to either; restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date on initial application. For this purpose, a completed contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004: Contributions.</li> </ul>	Although the directors anticipate that the adoption of AASB 1058 may have an impact on the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

## Notes to the Financial Statements

### For the Year Ended 30 June 2018

#### Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

#### Key estimates - impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

#### 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.

#### 3 Revenue and Other Income

	2018	2017
	\$	\$
- Government income	233,615	395,991
- Member subscriptions	59,612	-
- Contract, sponsorship & conference income	413,825	368,189
- Other income	1,182	-
- Other interest received	908	1,016
- Publications	10,000	-
<b>Total Revenue</b>	<b>719,142</b>	<b>765,196</b>

#### 4 Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash at bank and in hand	470,012	436,215
	<b>470,012</b>	<b>436,215</b>

#### 5 Trade and Other Receivables

	2018	2017
	\$	\$
CURRENT		
Trade receivables	15,930	12,375
GST receivable	-	9,836
	<b>15,930</b>	<b>22,211</b>

**The Institute for Regional Security Ltd**

ABN: 48 110 456 856

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

**5 Trade and Other Receivables**

**(a) Financial assets at amortised cost classified as trade and other receivables**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Trade and other receivables - total current	<u>15,930</u>	<u>22,211</u>
	<u>15,930</u>	<u>22,211</u>
Less:		
GST receivable	<u>-</u>	<u>(9,836)</u>
<b>Financial assets as trade and other receivables</b>	<u><u>15,930</u></u>	<u><u>12,375</u></u>

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**6 Property, plant and equipment**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Office equipment		
At cost	15,973	15,973
Accumulated depreciation	<u>(15,973)</u>	<u>(14,578)</u>
Total office equipment	<u>-</u>	<u>1,395</u>
Computer equipment		
At cost	6,393	6,393
Accumulated depreciation	<u>(6,393)</u>	<u>(6,393)</u>
Total computer equipment	<u>-</u>	<u>-</u>
Software		
At cost	5,500	5,500
Accumulated depreciation	<u>(5,500)</u>	<u>(5,500)</u>
Total computer software	<u>-</u>	<u>-</u>
Leasehold Improvements		
Improvements	12,634	12,634
Accumulated depreciation	<u>(2,235)</u>	<u>(1,080)</u>
Total leasehold improvements	<u>10,399</u>	<u>11,554</u>
<b>Total property, plant and equipment</b>	<u><u>10,399</u></u>	<u><u>12,949</u></u>



# The Institute for Regional Security Ltd

ABN: 48 110 456 856

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

### 6 Property, plant and equipment

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

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

	Office Equipment \$	Improvements \$	Total \$
<b>Year ended 30 June 2018</b>			
Balance at the beginning of year	1,395	11,554	12,949
Depreciation expense	(1,395)	(1,155)	(2,550)
<b>Balance at the end of the year</b>	<b>-</b>	<b>10,399</b>	<b>10,399</b>

	Office Equipment \$	Improvements \$	Total \$
<b>Year ended 30 June 2017</b>			
Balance at the beginning of year	3,711	-	3,711
Additions	5,315	12,634	24,342
Depreciation expense	(7,631)	(1,080)	(15,104)
<b>Balance at the end of the year</b>	<b>1,395</b>	<b>11,554</b>	<b>12,949</b>

### 7 Other Assets

	2018 \$	2017 \$
CURRENT Prepayments	32,577	29,924
	<b>32,577</b>	<b>29,924</b>

# The Institute for Regional Security Ltd

ABN: 48 110 456 856

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

### 8 Trade and Other Payables

	2018	2017
	\$	\$
Current		
Trade payables	-	88,332
GST payable	9,836	-
Sundry payables and accrued expenses	29,013	12,350
Other payables	15,304	10,246
	<u>54,153</u>	<u>110,928</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

#### (a) Financial liabilities at amortised cost classified as trade and other payables

		2018	2017
	Note	\$	\$
Trade and other payables			
- total current.		<u>54,153</u>	<u>110,928</u>
		<u>54,153</u>	<u>110,928</u>
Less:			
GST payable		<u>(9,836)</u>	<u>-</u>
<b>Financial liabilities as trade and other payables</b>	10	<u>44,317</u>	<u>110,928</u>

### 9 Other Financial Liabilities

	2018	2017
	\$	\$
CURRENT		
Unearned revenue	<u>250,792</u>	<u>160,932</u>
<b>Total</b>	<u>250,792</u>	<u>160,932</u>

# The Institute for Regional Security Ltd

ABN: 48 110 456 856

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

### 10 Financial Risk Management

The main risks The Institute for Regional Security Ltd is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The carrying amounts for each category of the financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

		2018	2017
	Note	\$	\$
<b>Financial Assets</b>			
Cash and cash equivalents	4	470,012	436,215
Trade and other receivables	5(a)	15,930	12,375
<b>Total financial assets</b>		<b>485,942</b>	<b>448,590</b>
<b>Financial Liabilities</b>			
Trade and other payables	8(a)	44,317	110,928
<b>Total financial liabilities</b>		<b>44,317</b>	<b>110,928</b>

#### Financial Risk Management Policies

The Board of Directors has overall responsibility for the establishment of The Institute for Regional Security Ltd's financial risk management framework. This includes the development of policies covering specific areas such as interest rate risk and credit risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and The Institute for Regional Security Ltd's activities.

Mitigation strategies for specific risks are described below:

#### Liquidity risk

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

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

# The Institute for Regional Security Ltd

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

### 10 Financial Risk Management

#### Liquidity risk

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

The table/s below reflect maturity analysis for financial assets.

	Floating Interest Rate		Total	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Financial assets - cash flows realisable</b>				
Cash and cash equivalents	470,012	436,215	470,012	436,215
Trade, term and loans receivables	15,930	12,375	15,930	12,375
Total anticipated outflows	<u>485,942</u>	<u>448,590</u>	<u>485,942</u>	<u>448,590</u>

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

#### Financial liability maturity analysis - Non-derivative

	Current		Total	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>				
Trade and other payables (excluding estimated annual leave)	44,317	110,928	44,317	110,928
Total contractual outflows	<u>44,317</u>	<u>110,928</u>	<u>44,317</u>	<u>110,928</u>

The timing of expected outflows is not expected to be materially different from contracted cashflows.

# The Institute for Regional Security Ltd

ABN: 48 110 456 856

## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 10 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.

#### Credit risk

The Company has no significant concentration of credit risk with respect to any single counterparties other than those receivables specifically provided for and mentioned within Note 5. The main source of credit risk to the Company is considered to relate to the class of assets described as "trade and other receivables".

### 11 Members' Guarantee

The Company is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 1 each towards meeting any outstandings and obligations of the Company. At 30 June 2018 the number of members was - (2017: 203).

### 12 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of The Institute for Regional Security Ltd during the year are as follows:

	2018	2017
	\$	\$
Cash and contracting fees	199,864	209,255
	<u>199,864</u>	<u>209,255</u>

#### Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 15: Related Party Transactions.

### 13 Auditors' Remuneration

	2018	2017
	\$	\$
Remuneration of the auditor of the entity, Hardwickes Chartered Accountants, for:		
- auditing or reviewing the financial statements	6,000	6,000
<b>Total</b>	<u>6,000</u>	<u>6,000</u>

# The Institute for Regional Security Ltd

ABN: 48 110 456 856

## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 14 Contingencies

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

### 15 Related Parties

#### (a) Directors

The directors of The Institute for Regional Security Ltd during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Andrew Balmaks  
Jim Bancroft  
Brett Biddington AM  
Jasmin Craufurd-Hill  
Simon Cullen AM, CSC  
Andrew McKinnie  
Peter Nicholson, AO  
Nicole Quinn (appointed 28 December 2017)  
Rebekka Wheate  
Christine Zeitz

#### (b) Key management personnel

##### *(i) Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 12: Interests of Key Management Personnel (KMP).

Other transactions with KMP and their related entities are shown below.

##### *(ii) Other related parties include close family members of key management personnel and entities that are controlled.*

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

# The Institute for Regional Security Ltd

ABN: 48 110 456 856

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

### 15 Related Parties

#### (c) Transactions with related parties

The following transactions occurred with related parties:

	Contracting fees for research papers, events and other contracted work		Meeting, travel, accomodation and entertainment reimbursements	
	2018	2017	2018	2017
John Lee	-	7,500	-	-
Brett Biddington	1,500	11,500	-	-
Peter Nicholson	60,000	-	2,995	2,448
Jim Bancroft	-	-	829	-
	<u>61,500</u>	<u>19,000</u>	<u>3,824</u>	<u>2,448</u>

### 16 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
	\$	\$
(Deficit)/Surplus for the year	(5,466)	25,709
Non-cash flows in profit:		
Depreciation	2,550	15,105
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	6,281	(22,211)
- (increase)/decrease in prepayments	(2,653)	(24,466)
- increase/(decrease) in income in advance	89,860	63,433
- increase/(decrease) in trade and other payables	(56,775)	87,215
Cashflows from operations	<u>33,797</u>	<u>144,785</u>

### 17 Events after the end of the Reporting Period

The financial report was authorised for issue on 19 November 2018 by those charged with governance.

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.

### 18 Statutory Information

The registered office of the company is:  
The Institute for Regional Security Ltd  
2/10 Kennedy Street  
Kingston ACT 2604

**The Institute for Regional Security Ltd**

ABN: 48 110 456 856


**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 ..... 

Date: 19 November 2018



## Independent Audit Report to the members of The Institute for Regional Security Ltd

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of The Institute for Regional Security Ltd (the Company), 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 declaration by those charged with governance.

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

- (i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended; and
- (ii) complying with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance

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

In preparing the financial report, management is responsible for assessing the the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Hardwickes*

**Hardwickes**  
Chartered Accountants



Robert Johnson FCA  
Partner

Canberra  
Date: 19 November 2018