

Sir Theo Foundation

Financial report for the year ended 31 December 2019

Sir Theo Foundation
Annual Financial Report
for the year ended 31 December 2019

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Sir Theo Foundation Trustee's Report For the year ended 31 December 2019

Trustee's report

The Trustee of Sir Theo Foundation ("the Trust") submits herewith the annual financial report of the Foundation for the year ended 31 December 2019.

The particulars of the Board of Trustee of the Foundation during or since the end of the period are:

Board of Trustee

Name	Particulars
Sir Theophilus Constantinou, CBE	Chairman (deceased 10/09/19)
Grand Chief Governor Hon. Peter Ipatas	Director of Policies and Programs
Mr Gereia Aopi	Director, Fundraising Committee (effective 1/6/19)
Kathleen Conroy	Legal Director (effective 1/6/19)
Bruce Mead	Director of Finance (effective 1/6/19)

Principal activity

The principal activity of the Foundation is to provide funding to support health services provided to Port Moresby General Hospital and other health centres within Port Moresby and the National Capital District.

Review of operations

During the year under review, the Foundation engaged in fundraising activities.

The general operations for the Foundation were funded via the kind donation from ABT Associates Pty Limited, Tiare Limited, Monier Limited, Rouna Repairs Limited, Hebou Construction, Central Sands Supplies, Poly Allied Products and other companies. The total donation received in 2019 was K5, 246,063.

Sir Theo Foundation Trustee's Report For the year ended 31 December 2019

Changes in state of affairs

There were no significant changes in status of the Foundation during 2019.

Board members that joined in 2019 are listed above under Board of Trustee of the Foundation.

Members who resigned in 2019 are;

Sir Theophilus Constantinou CBE	Chairman (Deceased 10/09/19)
Mr Darren Young MBE	Director of Infrastructure & Development (resigned 1/6/19)
Mr John Beatie	Legal Director (resigned 1/6/19)
Mr Ernie Gangloff	Director of Finance (resigned 1/6/19)

The Foundation also maintained its tax exemption status as a Charitable Organisation.

Subsequent events

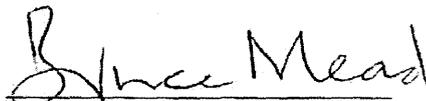
In July 2019, the entity officially changed its name to Sir Theo Foundation.

COVID 19.

The spread of Novel Corona Virus (COVID-19) subsequent to year end is currently impacting business globally. The extent of impact varies by industry. The Foundation has experienced decrease in donation received in the 1st quarter of 2020.

The directors are not able to reliably determine the potential impact of the COVID-19 pandemic on the financial statements of the Foundation, including the potential impact on the going concern of the assumption; however, it is likely to have an impact on the financial performance of the Foundation and possibly on the carrying value of the assets and liabilities.

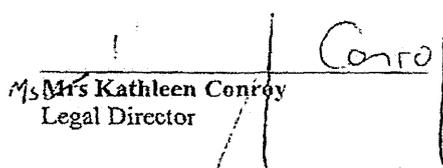
Signed on behalf of the Trustee



Mr Bruce Mead
Director of Finance

Port Moresby,

6 July, 2020


Ms Mrs Kathleen Conroy
Legal Director

Port Moresby, Queensland, 6 July 2020

Independent Auditor's Report to the Members of Sir Theo Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sir Theo Foundation (the "Foundation"), which comprises the balance sheet as at 31 December 2019, the income statement, statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and Trustee's Declaration.

In our opinion the accompanying financial report presents fairly, in all material respects, the Foundations's financial position as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Policies adapted by the Trust and detailed in note 1 to the financial statements and the requirements of the *Trust Deed*.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing. 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 Foundation in accordance with the auditor independence requirements of the *International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report. 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 Directors of the Financial Statements

The management and directors of the Trustee are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Trust Deed, and for such internal control as Directors determine is necessary to enable the preparation and fair presentation of the financial report and is free from material misstatement, whether due to fraud or error.



In preparing the financial statements, the Directors of the Trustee are responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 the International Standards on Auditing 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 this financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director's.
- Conclude on the appropriateness of the Directors of the Trustee's 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 Foundation'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 statements 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 Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management and Directors of the Trustee, 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.



Report on Other included Legal and Regulatory Requirements

The financial statements of Sir Theo Foundation is in accordance with the Trust Deed and proper accounting records have been kept by the Foundation. We have no interest in the Foundation or any other relationship, other than that of the auditor of the Foundation.

A handwritten signature in black ink, appearing to read "Benjamin Lee".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read "Benjamin Lee".

Benjamin Lee

Registered under the Accountants Act 1996

Partner

Port Moresby, 10 July 2020

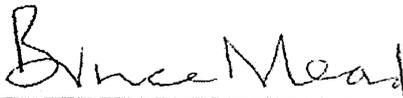
Sir Theo Foundation
Trustee's declaration
For the year ended 31 December 2019

Trustee's declaration

The Trustee declares that:

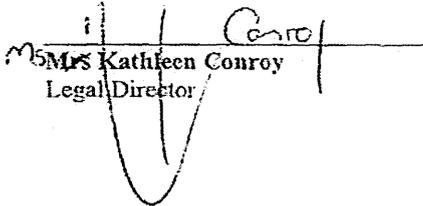
- a) in the Trustee's opinion, there are reasonable grounds to believe that the Sir Theo Foundation will be able to pay its debts as and when they become due and payable;
- b) In the Trustee's opinion, the attached financial statements and notes thereto are in accordance with the requirements of the Trust deed, including giving a true and fair view of the financial position and performance of the Sir Theo Foundation.

Signed on behalf of the Trustee



Mr Bruce Mead
Director of Finance

6 July, 2020.



Mrs Kathleen Conroy
Legal Director

Port Moresby, Queensland

6 July 2020

Sir Theo Foundation
Income statement
For the year ended 31 December 2019

	Note	2019	2018
		<u> </u>	<u> </u>
Revenue	8	5,246,063	1,330,856
Operational costs	9 (a)	(1,892,555)	(433,545)
Project grant and donations	9(b)	<u>(2,806,440)</u>	<u>(1,121,403)</u>
Total Expenses		(4,698,995)	(1,554,948)
Surplus/ (Deficit) for the year		<u>547,068</u>	<u>(224,092)</u>

The above income statement is to be read in conjunction with the notes to and forming part of the financial statement.

Sir Theo Foundation
 Balance sheet
 As at 31 December 2019

	Note	2019	2018
Current assets			
Cash and cash equivalents	2(a)	923,728	222,166
Other receivables	3(a)	281,223	29,055
Prepayment	4	7,105	8,882
Total Current assets		1,212,056	260,103
Non-current assets			
Property, plant and equipment	5	10,941	26,292
Other receivables	3(b)	44,090	48,080
Total Non-current assets		55,031	74,372
Total assets		1,267,087	334,475
Current liabilities			
Trade and other payables	6	506,336	120,791
Total current liabilities		506,336	120,791
Total Liabilities		506,336	120,791
Net Assets		760,751	213,684
Equity			
Retained earnings		760,751	213,684
Total Equity		760,751	213,684

The above balance sheet is to be read in conjunction with the notes to and forming part of the financial statements.

Sir Theo Foundation
Statement of Changes in Equity
For the year ended 31 December 2019

	Share Capital	Retained earnings K	Total K
Balance at 31 December 2017	1	437,775	437,776
Deficit for the year	-	(224,092)	(224,092)
Balance at 31 December 2018	1	213,683	213,684
Surplus for the year	-	547,068	547,068
Balance at 31 December 2019	1	760,751	760,752

The above statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements.

Sir Theo Foundation
Cash flow statement
For the year ended 31 December 2019

	<u>Note</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities			
Receipts from donors		5,246,063	1,330,856
Payments to employees and suppliers		(1,747,103)	(428,343)
Payments of donations and grants		(2,806,440)	(1,121,403)
Net cash provided by or used on operating activities	2(b)	<u>692,520</u>	<u>(218,890)</u>
Cash flows from investing activities			
Purchase of fixed asset		9,043	(14,421)
Net cash from investing activities		<u>9,043</u>	<u>(14,421)</u>
Net cash (outflow)/inflow		701,563	(233,311)
Cash and cash equivalents at the beginning of the financial period		222,165	455,477
Net increase (decrease) in cash and cash equivalents		701,563	(233,311)
Cash and cash equivalents at the end of the financial period	2(a)	<u>923,728</u>	<u>222,166</u>

The above cash flow statement is to be read in conjunction with the notes to and forming part of the financial statements

Sir Theo Foundation

Notes to the financial statements

For the year ended 31 December 2019

1. Summary of accounting policies

Statement of compliance

The financial statements of Sir Theo Foundation have been prepared in accordance with accounting policies adopted by the Trust and detailed in Note 1 to the financial statements.

Basis of preparation

The Sir Theo Foundation was established under the Trust Deed. The Trustee entity is Sir Theophilus Constantinou Foundation Limited.

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Revenue Recognition

Revenue is received from donations, fundraising events and is brought to account on a cash received basis. When assets, such as investments or properties, are received from a donation, an asset is recognized, at fair value, when the Foundation gains control of such assets and the value of the asset can be reliably measured.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments.

(c) Income tax

The Sir Theo Foundation has been confirmed as a charitable body pursuant to Section 25A of the Income Tax Act. As a result, the income of the Trust is exempt from tax.

(d) Payables

Trade payables and other accounts payable are recognized when the company becomes obliged to make future payments resulting from the purchase of goods and services.

Sir Theo Foundation

Notes to the financial statements

For the year ended 31 December 2019

(e) Depreciation

Depreciation has been calculated annually based on the Diminishing Value Method (reducing balance) as considered appropriate over the useful life of the assets to the entity commencing from the date of purchase. The average rates used are:

Motor vehicles	30.00%
Office Equipment	30.00%
Office Furniture	11.25%

f) Foreign currency

Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognized in profit or loss in the period in which they arise.

g) Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Foundation will be able to meet its liabilities and obligations as and when they fall due in the normal course of business for the foreseeable future.

The Fund recorded a surplus of K547,068(2018: Deficit of K224,092) and experienced net cash inflow of K701,563 (2018: net outflow of K233,311) for the year ended 31 December 2019.

The financial report has been prepared on the going concern basis, based on the following:

- The late Chairman has been putting in quarterly donations through his companies, Tiare No.23, Monier Limited, Hebou Construction PNG Limited, Rouna Repairs, Poly Allied Products and Central Sands Supplies to fund the activities of the Foundation. The last donation was received on 24th June 2019.
- Major fund raising events were carried out to generate funds for the foundation.

At the date of this report and having considered the above factors, the Directors are confident that the Fund will be able to continue as a going concern.

Sir Theo Foundation
Notes to the financial statements
For the year ended 31 December 2019

2019 2018
 K K

2. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

Cash at Bank	923,728	222,166
	923,728	222,166

(b) Reconciliation of Surplus for the period to net cash flows from operating activities:

Surplus/(Deficit) for the year	547,068	(224,092)
Housing Equity amortization	15,852	8,865
Prepayment	(7,105)	(8,882)
Depreciation	6,308	10,034
Increase/Decrease in payable	385,545	(4,815)
Increase/Decrease in receivable	(255,148)	-
Net cash from operating activities	692,520	(218,890)

3. Other receivables

a) Current

GST refundable	246,223	29,055
Other Receivable	35,000	-
	281,223	29,055

b) Non-current

Other Receivable –Housing Loan Amortization	44,090	48,080
	44,090	48,080

4. Prepayments

Prepaid Insurance	7,105	8,882
	7,105	8,882

Sir Theo Foundation
Notes to the financial statements
For the year ended 31 December 2019

5. Property, Plant & Equipment

	Motor Vehicle (K)	Office Equipment (K)	Furniture & fittings (K)	Total (K)
Cost				
Balance at 31 December 2017	86,684	12,728	4,515	103,927
Additions	-	14,422	-	14,422
Disposals	-	-	-	-
Balance at 31 December 2018	86,684	27,150	4,515	118,349
Additions	-	-	-	-
Disposals	(9,043)	-	-	(9,043)
Balance at 31 December 2019	77,641	27,150	4,515	109,306
Accumulated depreciation				
Balance at 31 December 2017	69,720	10,342	1,962	82,024
Depreciation expense	5,089	4,657	287	10,033
Balance at 31 December 2018	74,809	14,999	2,249	92,057
Depreciation expense	2,832	3,231	245	6,308
Disposal	-	-	-	-
Balance at 31 December 2019	77,641	18,230	2,494	98,365
Net book value				
As at 31 December 2018	11,875	12,152	2,266	26,292
As at 31 December 2019	-	8,921	2,021	10,941

Sir Theo Foundation
Notes to the financial statements
For the year ended 31 December 2019

	<u>2019</u> <u>K</u>	<u>2018</u> <u>K</u>
6. Current trade payables		
Trade Creditors	482,336	102,091
Other creditors & accrual	24,000	18,700
	<u>506,336</u>	<u>120,791</u>
7. Remuneration of Auditors		
Audit of the financial report	29,300	37,600
The Auditors are Deloitte Touche Tohmatsu	<u>29,300</u>	<u>37,600</u>
8. Revenue		
Donation	5,246,062	1,330,856
	<u>5,246,062</u>	<u>1,330,856</u>
9. Expense		
Expenses comprises of the following;		
(a) Operating Expenses		
Accounting Fees	56,650	46,815
Advertising	4,640	-
Audit Fee	29,300	37,600
Bank Charges	1,183	753
Business Meeting Expenses	17,848	87,922
Consultancy Fee	1,456,032	62,005
Consultants Accom& Electricity	108,412	37,994
Depreciation -Property,P&E	6,308	10,034
Insurance	11,251	2,961
Legal Fees	36,469	6,763
Medical	-	8,192
Loan Repayment	34,830	39,705
Motor vehicle expense	9,263	3,402
Repair and Maintenance	8,009	5,983
Travelling expenses	-	-
Website Fees	2,300	76,884
Fees and permits	27,835	4,000
Group Tax Payment	-	2,337
Freight and cartage	-	197
Loss of disposal of fixed asset	9,043	-
Fundraising Expenses	73,181	-
	<u>1,892,555</u>	<u>433,545</u>

Sir Theo Foundation
Notes to the financial statements
For the year ended 31 December 2019

(b) Project Grant and Donation

Scholarship	-	227,079
Grants-Salary and benefits	639,678	521,700
Dr.Umesh- Internet	3,818	9,024
Dr.Umesh- Rental Expense	119,355	300,000
Dr.Umesh-Motor Vehicle expenses	-	2,223
Dr.Umesh Leave fares	35,621	61,377
Project Management	55,812	-
Nurses Fob Watch	156,800	-
Relocation of Palliative Care Unit	1,795,356	-
	<u>2,806,440</u>	<u>1,121,403</u>

10. Related Party

The Foundation related parties are; Tiare No. 23 Limited and Monier Limited. There were nil related parties balances at year end 2019.

11. Additional Trust information

Sir Theo Foundation is a charitable organization. It is managed in accordance with the requirements of the Constitution of the Foundation.

12. Events after the reporting period

The entity's name was changed to Sir Theo Foundation in 2019.

COVID 19.

The spread of Novel Corona Virus (COVID-19) subsequent to year end is currently impacting business globally. The extent of impact varies by industry. The Foundation has experienced decrease in donation received in the 1st quarter of 2020

The directors are not able to reliably determine the potential impact of the COVID-19 pandemic on the financial statements of the Foundation, including the potential impact on the going concern of the assumption; however, it is likely to have an impact on the financial performance of the Foundation and possibly on the carrying value of the assets and liabilities.

13. Approval of the financial statements

The date the financial statements were approved by the board of Trustee and authorized for issue is shown on in the Trustee's report.