

INSTITUTION OF ENGINEERS PAPUA NEW GUINEA INC

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

INSTITUTION OF ENGINEERS PAPUA NEW GUINEA INC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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INSTITUTION OF ENGINEERS PAPUA NEW GUINEA INC

REPORT OF THE BOARD MEMBERS

The Board Members are pleased to present their report on the financial statements of the Institute for the year ended 31 December 2014.

Nature of Entity and Activities

The Institution of Engineers Papua New Guinea Inc is a non-profit and non-government organisation and is incorporated and registered under the Associations Incorporation Act of Papua New Guinea.

The primary purpose of the Institution is to promote the interests of the engineering profession and its members in Papua New Guinea.

Institution Information

Registered Office: Portion 637
PO Box 881,
Waigani, NCD

The Board Members for the 2014 year were:

- Mr. Moses Gurra (President)
- Mr. Ila Mari (Deputy President)
- Mr. Joseph Hamylton
- Mr. Felix Bage
- Mrs. Emma Waiwai
- Mr. John Chelai
- Mr. Joseph Asinimbu
- Mr. Brian Alois
- Prof. Yaip Kingsford Telue

Secretary and Chief Executive Officer:

- Mrs. Anitha Bagi (Secretary)
- Mr. Benedict Mick (CEO)

The Auditor for the 2014 year was:

Niugini Business Consultants
Registered Public Accountants & Auditors
PO Box 391
PORT MORESBY, National Capital District
Papua New Guinea

Banker Bank South Pacific Limited
PO Box 211
WAIGANI, National Capital District

INSTITUTION OF ENGINEERS PAPUA NEW GUINEA INC

BOARD MEMBERS' STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

The Board members state that the accompanying statement of net assets and statement of income and expenditure and cash flows are drawn up so as to exhibit a true and fair view of the state of affairs of the Institute at 31 December 2014 and the results of the operations of the Institution for the year ended on that date.

No circumstances have arisen which render adherence to the existing method of valuation of assets or liabilities of the Institution misleading or inappropriate.

For and on behalf of the Board.

BOARD MEMBER

Dated at Port Moresby this

BOARD MEMBER

day of 2015

NIUGINI BUSINESS CONSULTANTS

Registered Public Accountants & Auditors

PO Box 391
PORT MORESBY
National Capital District
Telephone: 77010440 Fax: 323 1723
E-Mail: niuginibusiness@daltron.com.pg

PO Box 1347
MOUNT HAGEN
Western Highlands Province

AUDITOR'S REPORT TO THE MEMBERS OF INSTITUTION OF ENGINEERS PAPUA NEW GUINEA INC

Scope

We have audited the financial report of Institution of Engineers Papua New Guinea Inc for the year ended 31 December 2014 as set out on pages 4 to 11. The Institute's Board Members are responsible for the preparation and presentation of the financial statements and the information contained therein. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Institution.

Our audit has been conducted in accordance with International Standards on Auditing to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with International Reporting Standards and the provisions of the Accountants Act (1996) as to present a view which is consistent with our understanding of the Chapter's financial position, the results of its operations and its cash flows.

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

Unqualified Audit Opinion

In our opinion, the financial report presents fairly the financial position of the Institution of Engineers Papua New Guinea Inc as at 31 December 2014, the results of its operations and cash flows for the year ended in accordance with applicable Accounting Standards, and with the provisions of the Accountants Act (1996).

NIUGINI BUSINESS CONSULTANTS
Registered Public Accountants

By: **JOHANIS WANDAKI** – CPA PNG
Registered under the Accountants
Registration Act 1996
Dated of 2015

INSTITUTION OF ENGINEERS PAPUA NEW GUINEA INC

REVENUE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTES	2014 <u>K</u>	2013 <u>K</u>
Operating Revenue	2	2,230,758	3,098,800
Operating Expenses	2	<u>1,318,404</u>	<u>1,704,553</u>
NET SURPLUS / (DEFICIT) FOR THE YEAR		<u>912,354</u>	<u>1,394,247</u>

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTES	2014 <u>K</u>	2013 <u>K</u>
Equity as at start of year		5,614,261	4,339,914
Prior year adjustment		10,091	(119,900)
Net Surplus / (Deficit)		<u>912,354</u>	<u>1,394,247</u>
MEMBERS EQUITY AS AT END OF YEAR		<u>6,536,706</u>	<u>5,614,261</u>

The accompanying notes form an integral part of these accounts.

INSTITUTION OF ENGINEERS PAPUA NEW GUINEA INC**BALANCE SHEET****AS AT 31 DECEMBER 2014**

	<u>Notes</u>	2014	2013
		K	K
CURRENT ASSETS			
Cash at bank and on hand		2,283,185	1,929,572
Term Deposits		3,404,696	2,398,779
Receivables	3	<u>1,308,490</u>	<u>798,237</u>
		<u>6,996,371</u>	<u>5,126,588</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	8	135,057	159,959
Wogrkr-In-Progress – Land Acquisition		<u>445,625</u>	<u>446,825</u>
		<u>580,682</u>	<u>606,784</u>
TOTAL ASSETS		<u>7,577,053</u>	<u>5,733,372</u>
CURRENT LIABILITIES			
Trade Creditors and Accruals	4	234,741	117,332
Advance Membership Fees	5	<u>805,606</u>	<u>1,779</u>
TOTAL CURRENT LIABILITIES		<u>1,040,347</u>	<u>119,111</u>
TOTAL LIABILITIES		<u>1,040,347</u>	<u>119,111</u>
NET ASSETS		<u>6,536,706</u>	<u>5,614,261</u>
TOTAL MEMBERS EQUITY		<u>6,536,706</u>	<u>5,614,261</u>

To be read in conjunction with the notes on Pages 7 to 11

For and on behalf of the Board.

BOARD MEMBER_____
BOARD MEMBER

Dated at Port Moresby this _____ day of _____ 2015

INSTITUTION OF ENGINEERS PAPUA NEW GUINEA INC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTES	2014 <u>K</u>	2013 <u>K</u>
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from member		2,230,758	3,063,512
Cash Paid creditors, suppliers and employees		-870,956	(2,634,322)
Interest received		<u>6,961</u>	<u>7,820</u>
Net cash flow from operating activities		<u>1,366,763</u>	<u>437,010</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(7,231)	(102,391)
Proceeds from sale of fixed assets		<u>-</u>	<u>-</u>
Net cash inflow/(outflow) from investing activities		<u>(7,231)</u>	<u>(102,391)</u>
Net Increase / (decrease) in cash held		1,359,530	334,619
Cash at beginning of financial year		<u>4,328,351</u>	<u>3,993,732</u>
Cash at end of financial year		<u>5,687,881</u>	<u>4,328,351</u>
Represented by:			
Cash at bank and on hand		2,283,185	1,929,572
Term Deposits		<u>3,404,696</u>	<u>2,398,779</u>
		<u>5,687,881</u>	<u>4,328,351</u>

For the purpose of the statement of cash flows, cash includes cash on hand and cash on short term deposits net of bank overdraft.

To be read in conjunction with the notes on Pages 7 to 11

INSTITUTION OF ENGINEERS PAPUA NEW GUINEA INC

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. STATEMENT OF ACCOUNTING POLICIES

A. Revenue

Revenue is accounted for on the accrual basis of accounting, except for membership fees which are recognised on a cash basis.

B. Properties, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation, except for leasehold land which is valued at cost.

Depreciation is calculated from the date an asset becomes operational on a straight line basis to write off the cost of the assets over their estimated economic lives.

The estimated useful economic lives are as follows:

Office Equipment	11.5%
Computer Equipment	22.5%
Furniture and Fittings	11.5%
Motor Vehicles	20.0%

C. Impairment of Assets

Where the recoverable amount of an asset falls below its carrying amount, the asset is written down to its recoverable amount. There has been no impairment in the 2014 financial year.

D. Income Tax

The Income of the Institution is exempt from income tax by virtue of *Section 27(C)* of the *Papua New Guinea Income Tax Act 1959*, as amended.

E. Comparative Figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

INSTITUTION OF ENGINEERS PAPUA NEW GUINEA INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

2. OPERATING PROFIT

	2014	2013
	K	K
The operating profit has been determined after charging/ (crediting) the following items:-		
Crediting as Income -		
Membership Fees	1,621,419	1,875,080
Other Income	<u>609,339</u>	<u>1,223,720</u>
	<u>2,230,758</u>	<u>3,098,800</u>
Charging as Operating Expenses -		
Audit Fees	8,600	6,600
Depreciation	32,135	53,510
Branch / Chapter Allocation	<u>2,000</u>	<u>4,346</u>
Total Operating Costs	<u>42,735</u>	<u>64,456</u>

3. RECEIVABLES

	2014	2013
	K	K
Trade debtors	1,294,877	963,793
Less: Provision for doubtful debts	<u>-</u>	<u>(179,167)</u>
	<u>1,294,877</u>	<u>784,626</u>
Other Debtors		
Rental Bond	13,613	13,612
Other	<u>-</u>	<u>-</u>
TOTAL RECEIVABLES	<u>1,308,490</u>	<u>798,237</u>

4. TRADE CREDITORS & OTHER ACCRUALS

	2014	2013
	K	K
Trade Creditors	30,298	29,877
GST Payable	214,355	85,687
Advance Payments - Airfares	-21,677	0
Payroll Liabilities	<u>11,765</u>	<u>1,768</u>
	<u>234,741</u>	<u>117,332</u>

INSTITUTION OF ENGINEERS PAPUA NEW GUINEA INC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

5. ADVANCE MEMBERSHIP FEES

	2014 K	2013 K
Membership & Registration Fees (Overpayments)	4,309	1,779
Advance Membership Fees Received	<u>801,297</u>	<u>-</u>
TOTAL ADVANCE MEMBERSHIP FEES	<u>805,606</u>	<u>1,779</u>

6. CONTINGENT LIABILITY

There were no contingent liabilities at balance date and non have arisen since balance date.

7. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2014.

8. FIXED ASSETS

	Furniture & Fittings	Office Equipment , at cost	Motor Vehicles – at cost	Computers & Software at cost	TOTAL
	K	K		K	K
<u>Cost</u>					
At 1 January 2014	35,463	51,697	177,482	77,264	341,906
Additions	-	1,817	0	1,277	3,094
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2014	<u>35,463</u>	<u>53,514</u>	<u>177,482</u>	<u>78,541</u>	<u>345,000</u>
<u>Depreciation</u>					
At 1 January 2014	28,689	31,435	58,333	63,487	181,944
Charge for the year					53,509
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2014	<u>28,689</u>	<u>31,435</u>	<u>58,333</u>	<u>63,487</u>	<u>181,944</u>
NET BOOK VALUE					
– 2014	<u>6,774</u>	<u>20,262</u>	<u>119,149</u>	<u>13,776</u>	<u>159,961</u>
NET BOOK VALUE					
– 2013	<u>6,774</u>	<u>20,262</u>	<u>119,149</u>	<u>13,776</u>	<u>159,961</u>

INSTITUTION OF ENGINEERS PAPUA NEW GUINEA INC**DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014	2013
	K	K
INCOME		
Registration Fees	1,130,715	757,760
Application Fees	490,704	1,117,320
Graduate Professional Development Program	58,436	64,779
Interest	6,961	7,820
Structural Income	50,916	0
Workshop & Short Course	181,000	147,018
AGM Annual Dinner	66,482	103,182
Lae Technical Audit Consulting Fees	0	456,554
Technical Consulting Fees	0	287,500
Pom Branch Income	220,000	131,600
LNG Project Exemption Fee	10,000	10,000
Other Income	<u>15,544</u>	<u>15,267</u>
TOTAL REVENUE	2,230,758	3,098,800
EXPENDITURE		
Accreditation Expense	-	5,072
Advertising	14,425	16,949
Audit Fees	16,800	6,800
Bad Debts	2,804	67,386
Bank Charges	5,193	5,896
Board Expenses	43,139	46,942
Branch / Chapter Allocation	2,000	4,346
Donations & Sponsorships	2,727	5,500
Computer Expenses	13,739	7,219
Consulting Fees - Technical Audit	7,935	288,458
Conference Expenses	62,749	85,549
Dues / Professional Fees	2,090	12,685
Depreciation	32,135	53,510
Electricity	28,645	36,675
Employee Recreation Leave	20,246	9,834
Budget Review & Office Meetings	5,629	3,851
Internet	31,549	45,269
Legal Fees	4,991	591
Pom Branch Expenses	113,337	70,636
Maintenances	2,953	6,067
Naming Rights	7,200	7,200
Office Insurance	2,238	2,162
Office Stationery & Expenses	24,701	30,968
Printing & Publications	10,151	32,962

INSTITUTION OF ENGINEERS PAPUA NEW GUINEA INC**DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014	2013
	K	K
Rents	156,074	152,454
SPEA Expenses	24,446	13,017
Salary & Wages	327,546	294,366
Shipping & Postage	8,917	8,621
Staff Amenities	6,557	2,334
Subscription	25,680	17,699
Supperfund Contribution	15,991	12,693
Telephone / Faxes	8,151	16,662
Training Expenses	11,969	-
Travel Expenses	126,373	161,954
Vehicle Expenses	21,005	12,414
Water Rates	12,100	12,000
Workshop & Short Course Expenses	109,640	128,092
Others	<u>6,579</u>	<u>19,720</u>
TOTAL EXPENSES	<u>1,318,404</u>	<u>1,704,553</u>
SURPLUS / (DEFICIT)	 <u>912,354</u>	<u>1,394,247</u>