

INSTITUTION OF ENGINEERS PAPUA NEW GUINEA INC

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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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 2013.

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 2013 year were:

- Mr. Moses Gurra (President)
- Mr. Ila Mari (Deputy President)
- Mr. Joseph Hamylton
- Mr. Peniel Pitalot
- Mr. Felix Bage
- Mr. Andrew Pinge
- Mr. Brian Alois
- Dr. Yaip Telue

Secretary and Chief Executive Officer:

- Ms. Toksy Tanabi (Secretary)
- Mr. Benedict Mick (CEO)

The Auditor for the 2013 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 2013

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 2013 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 2014

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 2013 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 2013, 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 2014

INSTITUTION OF ENGINEERS PAPUA NEW GUINEA INC

REVENUE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

	NOTES	2013 <u>K</u>	2012 <u>K</u>
Operating Revenue	2	3,098,800	2,208,469
Operating Expenses	2	<u>1,704,553</u>	<u>1,077,867</u>
NET SURPLUS / (DEFICIT) FOR THE YEAR		<u>1,394,247</u>	<u>1,130,602</u>

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

	NOTES	2013 <u>K</u>	2012 <u>K</u>
Equity as at start of year		4,339,914	3,209,312
Prior year adjustment		-119,900	-
Net Surplus / (Deficit)		<u>1,394,247</u>	<u>1,130,602</u>
MEMBERS EQUITY AS AT END OF YEAR		<u>5,614,261</u>	<u>4,339,914</u>

The accompanying notes form an integral part of these accounts.

INSTITUTION OF ENGINEERS PAPUA NEW GUINEA INC**BALANCE SHEET****AS AT 31 DECEMBER 2013**

	<u>Notes</u>	2013	2012
		K	K
CURRENT ASSETS			
Cash at bank and on hand		1,929,572	2,285,350
Term Deposits		2,398,779	1,708,382
Receivables	3	<u>798,237</u>	<u>770,769</u>
		<u>5,126,588</u>	<u>4,764,501</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	8	159,959	111,078
Wogrkr-In-Progress – Land Acquisition		<u>446,825</u>	<u>-</u>
TOTAL ASSETS		<u>5,733,372</u>	<u>4,875,579</u>
CURRENT LIABILITIES			
Trade Creditors and Accruals	4	117,332	533,886
Advance Membership Fees	5	<u>1,779</u>	<u>1,779</u>
TOTAL CURRENT LIABILITIES		<u>119,111</u>	<u>535,665</u>
TOTAL LIABILITIES		<u>119,111</u>	<u>535,665</u>
NET ASSETS		<u>5,614,261</u>	<u>4,339,914</u>
TOTAL MEMBERS EQUITY		<u>5,614,261</u>	<u>4,339,914</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 _____ 2014

INSTITUTION OF ENGINEERS PAPUA NEW GUINEA INC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

	NOTES	2013 <u>K</u>	2012 <u>K</u>
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from member		3,063,512	1,990,099
Cash Paid creditors, suppliers and employees		(2,634,322)	(794,085)
Interest received		<u>7,820</u>	<u>12,627</u>
Net cash flow from operating activities		<u>437,010</u>	<u>1,208,641</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(102,391)	(81,610)
Proceeds from sale of fixed assets		<u>-</u>	<u>-</u>
Net cash inflow/(outflow) from investing activities		<u>(102,391)</u>	<u>(81,610)</u>
Net Increase / (decrease) in cash held		334,619	1,127,031
Cash at beginning of financial year		<u>3,993,732</u>	<u>2,866,701</u>
Cash at end of financial year		<u>4,328,351</u>	<u>3,993,732</u>
Represented by:			
Cash at bank and on hand		1,929,572	2,285,350
Term Deposits		<u>2,398,779</u>	<u>1,708,382</u>
		<u>4,328,351</u>	<u>3,993,732</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 2013

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 2013 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 2013

2. OPERATING PROFIT

	2013	2012
	K	K
The operating profit has been determined after charging/ (crediting) the following items:-		
Crediting as Income -		
Membership Fees	1,875,080	1,942,345
Other Income	<u>1,223,720</u>	<u>266,124</u>
	<u>3,098,800</u>	<u>2,208,469</u>
Charging as Operating Expenses -		
Audit Fees	6,600	5,500
Depreciation	53,510	36,862
Branch / Chapter Allocation	<u>4,346</u>	<u>-</u>
Total Operating Costs	<u>64,456</u>	<u>42,362</u>

3. RECEIVABLES

	2013	2012
	K	K
Trade debtors	963,793	941,764
Less: Provision for doubtful debts	<u>(179,167)</u>	<u>(184,608)</u>
	784,626	757,156
Other Debtors		
Rental Bond	13,612	13,612
Other	<u>-</u>	<u>-</u>
TOTAL RECEIVABLES	<u>798,237</u>	<u>770,768</u>

4. TRADE CREDITORS & OTHER ACCRUALS

	2013	2012
	K	K
Trade Creditors	23,277	31,418
GST Payable	85,687	88,391
Overpayment – Registration / Membership Fees	-	408,052
Payroll Liabilities	1,768	525
Audit Fees	<u>6,600</u>	<u>5,500</u>
	<u>117,332</u>	<u>533,886</u>

INSTITUTION OF ENGINEERS PAPUA NEW GUINEA INC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

5. ADVANCE MEMBERSHIP FEES

	2013 K	2012 K
Membership & Registration Fees (Overpayments)	<u>1,779</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 2013.

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 2013	35,463	49,597	89,496	64,959	239,515
Additions	-	2,100	87,986	12,305	102,391
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2013	<u>35,463</u>	<u>51,697</u>	<u>177,482</u>	<u>77,264</u>	<u>341,906</u>
<u>Depreciation</u>					
At 1 January 2013	26,529	26,575	29,500	45,831	128,435
Charge for the year	2,160	4,860	28,833	17,656	53,509
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2013	<u>28,689</u>	<u>31,435</u>	<u>58,333</u>	<u>63,487</u>	<u>181,944</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>
NET BOOK VALUE – 2012	<u>8,933</u>	<u>23,021</u>	<u>59,996</u>	<u>19,128</u>	<u>111,078</u>

INSTITUTION OF ENGINEERS PAPUA NEW GUINEA INC**DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013	2012
	K	K
INCOME		
Registration Fees	757,760	882,154
Application Fees	1,117,320	1,060,191
Graduate Professional Development Program	64,779	13,879
Interest	7,820	12,627
Structural Income	-	8,721
Workshop & Short Course	147,018	141,773
AGM Annual Dinner	103,182	75,400
Lae Technical Audit Consulting Fees	456,554	-
Technical Consulting Fees	287,500	-
Pom Branch Income	131,600	-
LNG Project Exemption Fee	10,000	10,000
Other Income	<u>15,267</u>	<u>3,724</u>
TOTAL REVENUE	3,098,800	2,208,469
EXPENDITURE		
Accreditation Expense	5,072	38,870
Advertising	16,949	37,723
Audit Fees	6,800	5,500
Bad Debts	67,386	-
Bank Charges	5,896	7,621
Board Expenses	46,942	23,800
Branch / Chapter Allocation	4,346	-
Donations & Sponsorships	5,500	2,451
Computer Expenses	7,219	3,971
Consulting Fees - Technical Audit	288,458	3,513
Conference Expenses	85,549	78,595
Dues / Professional Fees	12,685	-
Depreciation	53,510	36,862
Electricity	36,675	49,002
Employee Recreation Leave	9,834	5,714
Budget Review & Office Meetings	3,851	7,396
Internet	45,269	25,586
Legal Fees	591	-
Pom Branch Expenses	70,636	-
Maintenances	6,067	14,892
Naming Rights	7,200	6,091
Office Insurance	2,162	2,812
Office Stationery & Expenses	30,968	27,526
Printing & Publications	32,962	23,576

INSTITUTION OF ENGINEERS PAPUA NEW GUINEA INC

**DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013	2012
	K	K
Rents	152,454	145,119
SPEA Expenses	13,017	-
Salary & Wages	294,366	278,807
Shipping & Postage	8,621	6,430
Staff Amenities	2,334	3,297
Subscription	17,699	4,809
Supperfund Contribution	12,693	11,589
Telephone / Faxes	16,662	11,286
Training Expenses	-	9,050
Travel Expenses	161,954	72,257
Vehicle Expenses	12,414	8,621
Water Rates	12,000	12,455
Workshop & Short Course Expenses	128,092	90,795
Others	<u>19,720</u>	<u>11,851</u>
TOTAL EXPENSES	<u>1,704,553</u>	<u>1,077,867</u>
SURPLUS / (DEFICIT)	<u><u>1,394,247</u></u>	<u><u>1,130,602</u></u>