



**Certified Practising Accountants Papua New Guinea**

**FINANCIAL OPERATING STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

**AND**

**FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2010**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

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## CERTIFIED PRACTISING ACCOUNTANTS PAPUA NEW GUINEA

### REPORT OF THE COUNCIL MEMBERS

The Council members are pleased to present their report on the financial statements of the Institute (including the Branches) for the year ended 30 September 2010

### NATURE OF ENTITY AND ACTIVITIES

The Certified Practising Accountants Papua New Guinea (formerly Papua New Guinea Institute of Accountants) was established under the *Accountants Act* 1996. The Institute is governed by an elected Council and is not subject to the control or direction of any person other than as provided by the *Accountants Act* 1996.

The primary purpose of CPA PNG is to promote the interests of the accountancy profession and its members in Papua New Guinea.

Its functions include the determination of the qualifications acceptable for membership, the administration of membership, examinations, the provision of continuing professional education, developing and formulating rules of ethical and professional conduct applicable to members, the promotion of accounting, auditing and other professional standards and the provision of services to members.

### RESULTS

The results for the year ended 30 September 2010 show a deficit of K84,113 (2009: Deficit of K366,269). Members funds as at 30 September 2010 stood at K5,335,508 (2009: K5,419,621). These results include the financial results of the seven (7) branches.

### COUNCIL MEMBERS

The Council members for the 2009/2010 year were:

- |    |                   |                  |
|----|-------------------|------------------|
| 1  | Peter Pokawin     | (President)      |
| 2  | Dr. Ken Ngangan   | (Vice President) |
| 3  | Rex Paki          | (Treasurer)      |
| 4  | Lutz Heim         |                  |
| 5  | Zanie Theron      |                  |
| 6  | Douglas Anayabere |                  |
| 7  | Tep Dami          |                  |
| 8  | Manny Masangkay   |                  |
| 9  | Paul Nindipa      |                  |
| 10 | Jennifer Johns    |                  |
| 11 | Veronica Thomas   |                  |
| 12 | Rachel Kichawen   |                  |
| 13 | Thomas Holland    | Co-opted         |
| 14 | Gabriel Yer       | Co-opted         |

## CERTIFIED PRACTISING ACCOUNTANTS PAPUA NEW GUINEA

### AUDITORS

Messrs. DFK Mayberry Chartered Accountants retire as auditors and, being eligible, offer themselves for re-election.

#### The Council states that in its opinion:

- (a) the Revenue Statement and Cash Flow Statement show a true and fair view of the results of operations of CPA PNG;
- (b) the Balance Sheet shows a true and fair view of the financial position as at end of the financial year;
- (c) there are reasonable grounds to believe that the Institute will be able to pay its debts when they fall due;
- (d) the accounts have been prepared in accordance with generally accepted accounting practice in Papua New Guinea (which embodies the International Accounting Framework) and relevant International Financial Reporting Standards.

Signed in accordance with a resolution of the Council

.....  
President – Peter Pokawin

.....  
Treasurer – Rex Paki

Dated at Port Moresby this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

**CERTIFIED PRACTISING ACCOUNTANTS PAPUA NEW GUINEA**

**AUDITORS REPORT**

**TO THE MEMBERS OF THE CERTIFIED PRACTISING ACCOUNTANTS PAPUA NEW GUINEA**

**(if required request a copy of audit report from CPA PNG office)**

**CERTIFIED PRACTISING ACCOUNTANTS PAPUA NEW GUINEA**

**Consolidated Revenue Statement**  
for the year ended 30 September 2010

	Notes	2010 K	2009 K
<b>Income</b>			
Operating Revenue	2a	2,694,452	2,406,841
Investment Income	2b	- 188,628	- 405,634
Other Income	2c	<u>11,356</u>	<u>24,704</u>
		2,517,180	2,025,911
<b>Expenses</b>			
Membership Services Costs	3a	1,279,009	1,088,749
Administration Costs	3b	1,199,805	1,196,055
Building Expenses	3c	<u>122,479</u>	<u>107,376</u>
		<b>2,601,293</b>	<b>2,392,180</b>
<b>Net Surplus (Deficit)</b>		<b><u>(84,113)</u></b>	<b><u>(366,269)</u></b>

**Consolidated Statement of Changes in Equity**  
for the year ended 30 September 2010

	Notes	2010 K	2009 K
Members equity as at start of year		5,419,621	4,773,690
Revaluation Reserve	13	-	1,012,200
Net Surplus (Deficit)		<u>(84,113)</u>	<u>(366,269)</u>
<b>Members equity as at end of year</b>		<b><u>5,335,508</u></b>	<b><u>5,419,621</u></b>

**CERTIFIED PRACTISING ACCOUNTANTS PAPUA NEW GUINEA**

The above statements are to be read in conjunction with the notes on pages 9 to 15.

**Consolidated Balance Sheet**  
as at 30 September 2010

	Note	2010 K	2009 K
<b>Current Assets</b>			
Cash and short-term deposits	4	1,639,816	2,364,625
Shares held for trade		970,782	443,124
Other debtors and prepayments	5	253,868	230,114
Inventory - educational materials		93,604	78,676
Total current assets		<u>2,958,070</u>	<u>3,116,539</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	7	2,644,206	2,600,707
Total non-current assets		2,644,206	2,600,707
<b>TOTAL ASSETS</b>		<b><u>5,602,276</u></b>	<b><u>5,717,246</u></b>
<b>Current Liabilities</b>			
Creditors and accruals	6	63,804	144,475
Employee entitlements		84,003	84,396
Income in advance		118,961	68,754
		<u>266,768</u>	<u>297,625</u>
TOTAL LIABILITIES		266,768	297,625
MEMBERS EQUITY		5,335,508	5,419,621
<b>TOTAL LIABILITIES AND MEMBERS EQUITY</b>		<b><u>5,602,276</u></b>	<b><u>5,717,246</u></b>

The above statement is to be read in conjunction with the notes on pages 9 to 15.

**CERTIFIED PRACTISING ACCOUNTANTS PAPUA NEW GUINEA**

**Consolidated Statement of Cash Flows**  
for the year ended 30 September 2010

	2010 K	2009 K
<b>Cash flows from operating activities</b>		
Cash received from membership fees and members activities during the financial year	2,481,113	2,013,714
Cash paid for operating expenses	<u>(2,553,399)</u>	<u>(1,456,170)</u>
Net operating cash inflow (outflow)	(72,286)	557,544
<b>Cash flows from investing activities</b>		
Purchase of non-current assets	(154,269)	(925,264)
Purchase of shares	(537,955)	(216,881)
Proceeds from disposal of investments	-	860,190
Interest received	39,701	12,198
Net investing cash inflow (outflow)	<u>(652,523)</u>	<u>(269,757)</u>
<b>Cash flow from financing activities</b>		
Settlement of debt	<u>-</u>	<u>-</u>
Net financing cash inflow (outflow)	-	-
Proceeds from Government (Dept of Finance)	-	-
Total net cash inflow (outflow)	(724,809)	287,787
Add: Cash brought forward	<u>2,364,625</u>	<u>2,076,838</u>
<b>Cash carried forward</b>	<b><u>1,639,816</u></b>	<b><u>2,364,625</u></b>
<b>Cash Comprises</b>		
Cash on hand and at bank	419,815	68,304
Short term investments	<u>1,220,001</u>	<u>2,296,321</u>
	<b><u>1,639,816</u></b>	<b><u>2,364,625</u></b>

The above statement is to be read in conjunction with the notes on pages 9 to 15.

**CERTIFIED PRACTISING ACCOUNTANTS PAPUA NEW GUINEA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 September 2010

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**1. Statement of Accounting Policies**

**a. Revenue**

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

**b. Property, Plant and Equipment**

The cost of purchased non-current assets is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

Depreciation is charged on a straight line basis so as to allocate the cost of the non-current assets over their expected economic lives.

The estimated useful economic lives are as follows:

Office Equipment	4 years
Computers/Printers	5 years
Furniture	10 years
Motor Vehicle	5 years
Buildings	20 years

**c. Impairment of Non Financial 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 2010 financial year.

**d. Investments**

Investments in shares are initially recorded at cost and subsequently carried at fair value. The closing bid price is applied to revalue investments in shares with movements passing through the profit and loss account. Fixed term interest bearing investments are carried at cost less impairment losses.

**e. Taxation**

The net income of the Institute is exempted from income tax under *Section 27* of the Papua New Guinea *Income Tax Act*.

**CERTIFIED PRACTISING ACCOUNTANTS PAPUA NEW GUINEA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)**  
for the year ended 30 September 2010

	Notes	2010 K	2009 K
<b>2a. Operating Revenue</b>			
Membership Fees		870,632	741,530
Exam Fees & Modules		828,915	893,405
Conference – National		463,445	439,005
Conference – Lae Branch		134,850	109,950
Conference – Others		-	27,850
Continuing Professional Education		388,610	187,101
CPAA (PNG Branch) Fee		8,000	8,000
<b>Total Operating Revenue</b>		<b><u>2,694,452</u></b>	<b><u>2,406,841</u></b>
<b>2b. Investment Income</b>			
Interest Income		39,701	5,767
Rent Received		143,646	135,672
Dividends Received		23,968	6,431
Fairvalue Gains (Losses) - Shares		(10,297)	(416,831)
Loss on Disposal of Investments		(385,646)	(136,673)
<b>Total Investment Income</b>		<b><u>(188,628)</u></b>	<b><u>(405,634)</u></b>
<b>2c. Other Income</b>			
Merchandising Income		3,876	6,746
Training Room Hire		4,400	8,700
Sundries		3,080	9,256
<b>Total Other Income</b>		<b><u>11,356</u></b>	<b><u>24,702</u></b>
<b>3. Operating Expenses</b>			
		2010 K	2009 K
<b>3a. Member Services Costs</b>			
Education / Examinations		393,330	408,985
Continuing Professional Education		289,321	138,186
Journals		11,400	32,814
National Conference Costs		340,667	290,125
Lae Conference Costs		162,655	105,655
Conference Costs - Others		-	39,234
Branch Expenses		41,730	15,360
Overseas Conference Costs		27,683	32,777
Membership Recognition		7,273	20,113
Awards & Donations		4,950	5,500
<b>Total Member Services Costs</b>		<b><u>1,279,009</u></b>	<b><u>1,088,749</u></b>

**CERTIFIED PRACTISING ACCOUNTANTS PAPUA NEW GUINEA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)**  
for the year ended 30 September 2010

**Operating Expenses Cont'd**

	2010	2009
	K	K
<b>3b. Administration Costs</b>		
Advertising and Promotions	45,812	65,438
Affiliations	14,770	9,658
Phone & Fax / Internet	59,269	63,608
Postages	30,886	31,191
Printing & Stationery	28,338	39,940
Motor Vehicle Expenses	41,870	36,398
Electricity	40,959	47,272
Audit fees	3,300	3,500
Insurance	6,419	7,402
Legal Expenses	-	6,424
Bank Charges	11,115	11,367
Computer / Copier Supplies	48,312	53,754
Repairs & Maintenance - Others	22,236	4,533
Council Expenses	22,277	38,426
President's Expenses	7,800	7,800
Training Room Hire Costs	2,790	500
Recruitment & Repatriation	12,882	4,848
Salary & Wages	384,462	396,264
Staff Accommodation	193,916	164,033
Long Service Leave Provisions	15,958	11,733
Leave Fares	17,436	14,218
Superannuation	29,471	31,654
Staff Training	11,684	23,729
School Fees	22,856	12,079
Staff Costs/Uniforms/Subscriptions	20,455	29,219
Staff Medical Insurance	11,995	8,580
Consumables	6,563	4,676
Bad Debts	18,819	-
Sundry Expenses	1,789	1,431
Depreciation - Other	65,613	66,380
Loss on Disposal (Depreciation Recovered)	(247)	-
<b>Total Administration Costs</b>	<b>1,199,805</b>	<b>1,196,055</b>
<b>3C. Building Costs</b>		
R&M – Air Conditioner	14,083	20,581
R&M – Generator	4,875	-
R&M – Other	18,857	13,297
Rates & Taxes	23,866	14,066
Insurance	6,827	8,648
Depreciation	53,971	50,784
<b>Total Building Costs</b>	<b>122,479</b>	<b>107,376</b>

**CERTIFIED PRACTISING ACCOUNTANTS PAPUA NEW GUINEA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)**  
for the year ended 30 September 2010

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**4. Cash and Short-term Deposits**

	2010 K	2009 K
	<u>          </u>	<u>          </u>
Cash on hand	1,500	1,500
Cash at bank	418,315	46,804
Total cash on hand	419,815	48,304
Short Term Deposits	1,220,001	2,316,321
	<b><u>1,639,816</u></b>	<b><u>2,364,625</u></b>

The above short term deposits are held with BSP Ltd for up to twelve months.

**5. Other Debtors and Prepayments**

	2010 K	2009 K
	<u>          </u>	<u>          </u>
Conference / CPE expenses prepaid	123,993	92,389
Prepayments	9,680	16,530
Sundry Debtors	26,028	39,863
GST Balance	11,647	6,910
Accrued Income	51,069	34,216
Rent Bonds	9,051	6,742
Housing Advance	22,400	33,464
	<b><u>253,868</u></b>	<b><u>230,114</u></b>

**6. Creditors and Accruals**

	2010 K	2009 K
	<u>          </u>	<u>          </u>
Bonds - tenants	16,373	11,691
Sundry creditors and accruals	47,431	132,784
	<b><u>63,804</u></b>	<b><u>144,475</u></b>

**CERTIFIED PRACTISING ACCOUNTANTS PAPUA NEW GUINEA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)**  
for the year ended 30 September 2010

**7. Property, Plant and Equipment**

	Land & Buildings K	Motor Vehicle K	Office Equipment K	Furniture & Fittings K	Computers & Printers K	Total K
<b>2010</b>						
<b>Cost</b>						
Balance brought forward	2,471,000	128,400	81,288	49,892	200,927	2,931,507
Additions	93,438	-	6,560	5,620	57,165	162,783
Disposals / Transfers	-	-	-	-	-	-
Balance carried forward	<u>2,564,438</u>	<u>128,400</u>	<u>87,848</u>	<u>55,512</u>	<u>258,092</u>	<u>3,094,290</u>
<b>Depreciation</b>						
Balance brought forward	-	75,178	45,526	35,578	174,518	330,800
Additions	53,971	24,488	9,751	4,207	26,867	119,284
Disposals / Transfers	-	-	-	-	-	-
Balance carried forward	<u>53,971</u>	<u>99,666</u>	<u>55,277</u>	<u>39,785</u>	<u>201,385</u>	<u>450,084</u>
<b>Carrying Amount (30 September 2010)</b>	<b><u>2,510,467</u></b>	<b><u>28,734</u></b>	<b><u>32,571</u></b>	<b><u>15,727</u></b>	<b><u>56,707</u></b>	<b><u>2,644,206</u></b>
<b>2009</b>						
<b>Cost</b>						
Balance brought forward	1,560,368	128,400	74,049	46,900	196,527	2,006,244
Additions	-	-	7,902	2,992	13,591	24,485
Disposals	910,632	-	(663)	-	(9,191)	900,778
Balance carried forward	<u>2,471,000</u>	<u>128,400</u>	<u>81,288</u>	<u>49,892</u>	<u>200,927</u>	<u>2,931,507</u>
<b>Depreciation</b>						
Balance brought forward	50,784	49,498	34,226	32,230	149,755	316,493
Additions	50,784	25,680	11,300	3,348	24,763	115,875
Disposals / Transfers	(101,568)	-	-	-	-	(101,568)
Balance carried forward	<u>-</u>	<u>75,178</u>	<u>45,526</u>	<u>35,578</u>	<u>174,518</u>	<u>330,800</u>
<b>Carrying Amount (30 September 2009)</b>	<b><u>2,471,000</u></b>	<b><u>53,222</u></b>	<b><u>35,762</u></b>	<b><u>14,314</u></b>	<b><u>26,409</u></b>	<b><u>2,600,707</u></b>

**CERTIFIED PRACTISING ACCOUNTANTS PAPUA NEW GUINEA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)**  
for the year ended 30 September 2010

**8. Branch Operations**

A summary of the operations of the five branches (Tabubil, Lae, Hagen, Rabaul, Madang, Goroka and Sepik) for the year ended 30 September 2010 is as follows:

	<b>TABUBIL</b>	<b>LAE</b>	<b>HAGEN</b>	<b>RABAUL</b>	<b>MADANG</b>	<b>GOROKA</b>	<b>SEPIK</b>	<b>TOTAL</b>
	<b>K</b>	<b>K</b>	<b>K</b>	<b>K</b>	<b>K</b>	<b>K</b>	<b>K</b>	<b>K</b>
<b>Revenue Statement</b>								
<b>INCOME</b>								
CPE	3,800	6,000	-	-	4,000	-	-	<b>13,800</b>
Grant - National Council	-	-	-	-	-	-	-	-
Sundry Income	-	-	-	-	850	-	-	<b>850</b>
Interest Received	-	-	-	-	11	-	-	<b>11</b>
<b>Total Income</b>	<b>3,800</b>	<b>6,000</b>	-	-	<b>4,861</b>	-	-	<b>14,661</b>
<b>EXPENSES</b>								
CPE Costs	3,050	-	-	-	1,488	-	-	<b>4,538</b>
Council Expenses	-	-	-	-	-	-	-	-
Administration Expenses	-	1,402	-	-	2,180	-	-	<b>3,582</b>
Bank Charges	150	13	90	98	-	-	-	<b>350</b>
<b>Total Expenses</b>	<b>3,200</b>	<b>1,415</b>	<b>90</b>	<b>98</b>	<b>3,668</b>	-	-	<b>8,470</b>
<b>Surplus (Deficit)</b>	<b>600</b>	<b>4,585</b>	<b>(90)</b>	<b>(98)</b>	<b>1,193</b>	-	-	<b>6,191</b>
<b>Net Assets</b>								
Cash on Hand and at Bank	10,439	4,581	1,698	3,483	7,074	-	-	<b>27,275</b>
Accounts Receivable	-	1,157	-	-	-	745	-	<b>1,902</b>
Accounts Payable	-	-	(880)	-	(1,001)	(100)	-	<b>(1,981)</b>
	<b>10,439</b>	<b>5,738</b>	<b>818</b>	<b>3,483</b>	<b>6,073</b>	<b>645</b>	-	<b>27,196</b>
Branch Equity - 01.10.09	9,839	1,153	908	3,580	4,880	645	-	<b>21,005</b>
Surplus (Deficit) for the year	600	4,585	(90)	(98)	1,193	-	-	<b>6,191</b>
<b>Branch Equity - 30.09.10</b>	<b>10,439</b>	<b>5,738</b>	<b>818</b>	<b>3,483</b>	<b>6,073</b>	<b>645</b>	-	<b>27,196</b>

The above results have been aggregated into the financial statements of CPA PNG.

**CERTIFIED PRACTISING ACCOUNTANTS PAPUA NEW GUINEA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)**  
for the year ended 30 September 2010

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**9. Government Grants**

The annual Government Grant (NEC Decision No. 207/2003) of K500,000 for the six (6) years starting 2005 to 2010 totaling K3.0 million has not been received.

**10. Related Party Transactions**

During the year, CPA PNG entered into transactions with accounting firms by whom certain Council members are employed. All transactions were conducted on terms either favorable to CPA PNG or on an arms length commercial basis.

**11. Contingent Liabilities**

There were no contingent liabilities at balance date and none have arisen since balance date.

**12. Capital Commitments**

There are no capital commitments at balance date.

**13. Revaluation Reserve**

CPA Haus (Sec 6, Lot 7) was further revalued to K2.471 million in September 2009 which gave rise to the revaluation increment recorded in the balance sheet. The property is revalued to market value every two years.