



Certified Practising Accountants Papua New Guinea

ANNUAL REPORT 2009/2010

Table of Contents:

	Page No
1 Our Mission Statement	1
2 Admission to Membership	1
3 Governance	2
4 Membership	3
5 Education and Examinations	4
6 Continuing Professional Education / Conferences	5
7 Accounting Standards Board	6
8 Staffing and Website	6
9 Finance	6
10 Building	7
11 Closure	7

ANNUAL REPORT

I have great pleasure in presenting the Annual Report for 2009/2010 year on behalf of the Council as the out-going President. It has been another challenging year but we have not achieved everything we intended to achieve during the year. The major activities for the year are noted in this report.

1. Our Mission Statement

'To serve the public interest, CPA PNG will continue to be the leader in the accounting profession in Papua New Guinea and be the choice of employers providing professionals to meet the needs of the business community and the public sector'.

The accounting profession in the country is continually striving to meet the domestic demands created especially by the current economic boom experience in the country, and to keep up with the global developments in the profession especially in light of globalization. Your Council will continue to live up to this expectation.

2. Admission to Membership

Your Council aims to continue to make CPA PNG the premier accounting professional body in Papua New Guinea and bring services closer to its members. In light of this, more visits to schools and training institutions were conducted this year as done over the last two years and we anticipate reaping the benefits in the years ahead.

Section 67 of the Accountants Act stipulates that:

- (1) A person who –
 - (a) possesses qualifications of diploma, degree or professional level in commerce, economics, business or related disciplines; and
 - (b) is employed by the State or by a statutory body or by a private organization to perform duties connected with –
 - (i) the recording, classifying and analysing of financial transactions; or
 - (ii) the preparing of financial information; or
 - (iii) the making of financial or business decisions; or
 - (iv) auditing and/or investigation transactions of an accounting nature; or
 - (v) book-keeping and accounting generally,shall be registered as an Accountant in Employment.
- (2) The prospective employer of a person to who Subsection (1) applies shall apply for the registration of that person prior to that person commencing employment.

The degree and diploma qualifications from the following local universities and institutions are prerequisite qualifications to becoming a member under Registered Accounting Graduate and Registered Accounting Technician categories.

- University of Papua New Guinea
- Papua New Guinea University of Technology
- Pacific Adventist University
- Divine Word University
- National Polytechnic Institute of PNG (Lae Technical College)
- Port Moresby Business College
- Goroka Business College
- Kokopo Business College
- Institute of Business Studies
- International Training Institute
- Sonoma Adventist College
- Overseas Tertiary Institutions which conduct Diploma and Degree courses at least at the same level as the above Institutions.

Expatriates who are qualified members of a recognized overseas accounting professional body may be admitted to membership at CPA level only. Fellow membership is not by application but in recognition of contributions made to CPA PNG administered under the existing policies and guidelines.

LNG Accountants

Your Council has considered the situation whereby expatriates accountants who will be directly employed with the major contractors of the PNG LNG Project but may not meet the requirement of being a member of a recognised overseas accounting professional body. Such applicants will be considered on a case by case basis under the Special Admission rule and will be designated as “LNG Accountant” under the CAT category. Their membership will only be for a specified period.

CPA & CAT Categories of Membership

The two distinct categories of membership – Certified Practising Accountant (CPA) and Certified Accounting Technician (CAT) has commenced in January 2010. The premier CPA membership category will be restricted to degree qualified accountants (those with formal accounting major qualifications), while the CAT membership category will be open to members with diplomas in accounting, business related fields or degree qualifications in disciplines other than a major in accounting.

Furthermore, CPAPNG is an Associate member of the International Federation of Accountants (IFAC) and is now working on the requirements to attain full membership. CPAPNG is also liaising with BPP Learning Media, which is an organization in UK to seek assistance for the professional examination materials and questions for the CAT category of membership.

3. Governance

CPA PNG is governed by 12 elected councilors comprising a President, a Vice President, a Treasurer, and nine Councilors. Councilors retire each year and may offer themselves for re-election. The Council has a number of committees that address issues affecting the profession which falls under their respective jurisdictions. These are:

- Executive/Finance Committee
- Education/Examination Committee (in accordance with the *Accountants Act 1996*)
- Membership, Ethics and Disciplinary Committee*
- Accounting Standards Committee
- Continuing Professional Education / Conference / Branch Committee
- Public Sector Committee
- Public Relations Committee
- Constitution & Legislation Committee

* Disciplinary matters are referred to the Accountants Statutory Committee established under the *Accountants Act 1996*.

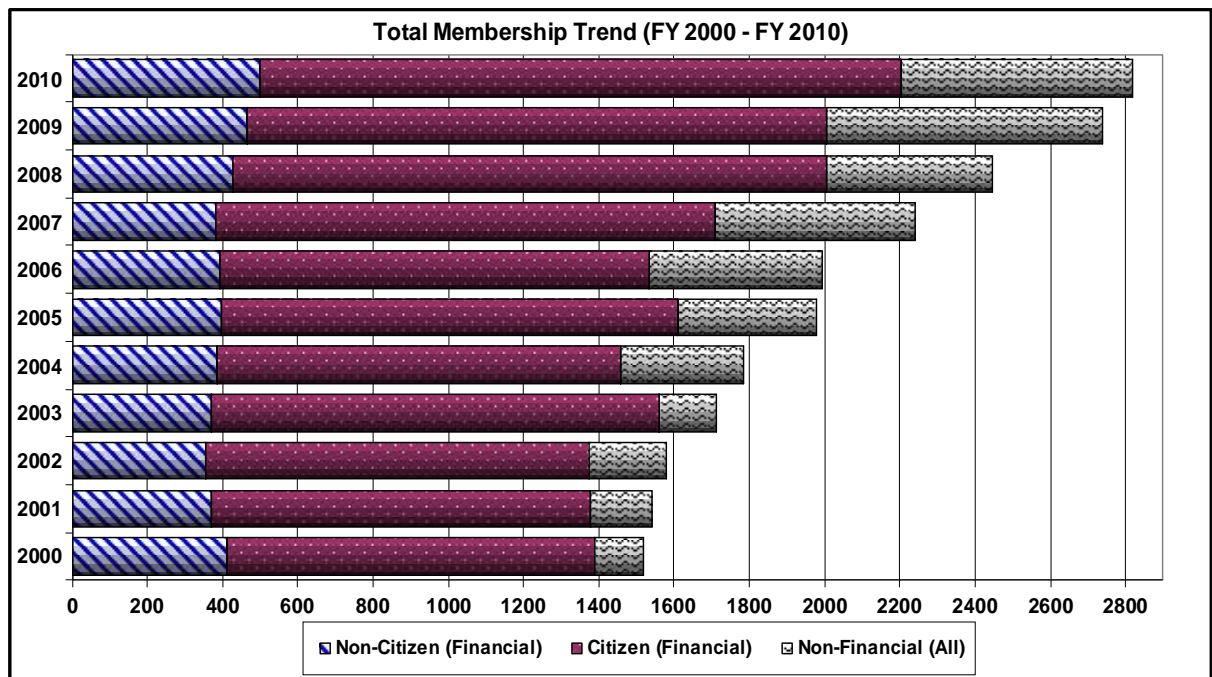
The council members for the 2009/2010 year were:

Name		Meetings		Comments	
		Eligible to attend	Attended		
1	Peter Pokawin	(President)	6	5	1 apology
2	Dr Ken Ngangan	(V/President)	6	5	1 apology
3	Rex Paki	(Treasurer)	6	1	2 apologies
4	Zanie Theron		6	3	3 apologies
5	Joe Tep Dami		6	4	1 apology
6	Lutz Heim		6	3	3 apologies
7	Emmanuel Masangkay		6	6	
8	Veronica Thomas		6	4	2 apologies
9	Jennifer Margaret Jones		6	4	2 apologies
10	Paul M Nindipa		6	4	1 apology
11	Rachel Kichawen		6	5	1 apology
12	Douglas Anayabere		6	3	1 apology
13	Thomas Holland		6	6	
14	Gabriel Yer		6	-	

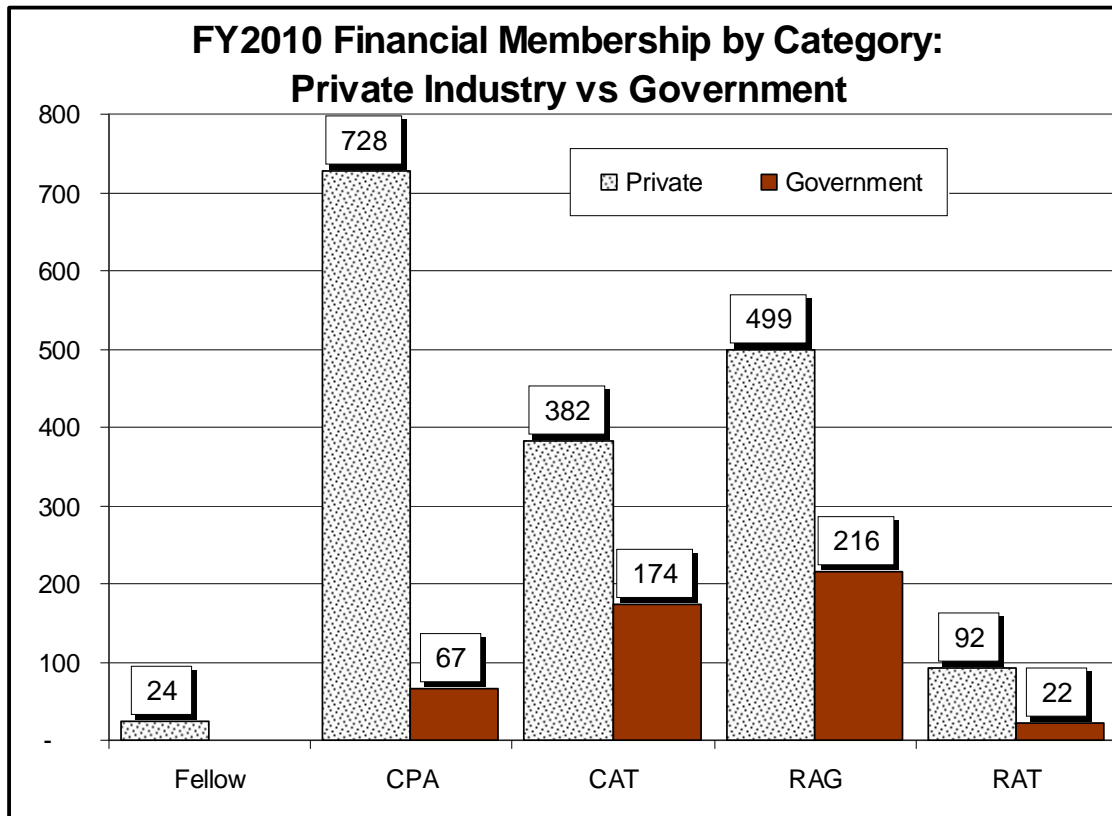
I take this opportunity to thank all Councilors for their contribution during the year.

4. Membership

The following graph shows the total membership trend since 2000. The non-financial members are for the last 3 years.



CPAPNG is continuing to develop competent accountants in both the private and public sectors. The graph below provides an analysis of the financial members in the private and public sectors as at year-end.



5. Education and Examinations

Interest in the examination programme continues to increase as Registered Graduate and Accounting Technician members realise that their career prospects are greatly enhanced by completing the professional examination programme; also due to intense publicity to universities and colleges by CPA PNG. It is the Council's desire to see members advance to CPA status and assist in lifting the profile of CPA PNG.

The examinations under the new streams had commenced in Semester 1, 2010 and the modules to be undertaken under each category are as follows:

Certified Practising Accountant (CPA)	Certified Accounting Technician (CAT)
1. Foundations of Accounting (ATC)	1. Foundations of Accounting (ATC)
2. PNG Business Law	2. Financial Accounting & Reporting
3. PNG Taxation Law & Practice	3. Management Accounting
4. Financial Reporting (CPA A)	4. PNG Business Law
5. Strategic Management Accounting (CPA A)	5. PNG Taxation Law & Practice
6. Advanced Audit & Assurance (CPA A)	6. Accounting Concepts & Principles or Business Finance
7. Financial Risk Management (CPA A)	

Candidates who become members and undertook the examinations prior to Semester 2, 2009 will continue under the previous examination requirements comprising of nine (9) modules. This will continue to run parallel to the new structure during the transition period and phased out by 2014.

Mentoring Program

The current three years work experience requirement before Accounting Technicians and Certified Practising Accountants are issued their respective certificates will continue to be monitored to benefit the members. For the good of the profession fully qualified CPA members may be asked to volunteer to supervise upcoming members under the mentor program.

Prizewinners in the two examination sittings during the year were as follows:

October 2009

Name	Employer	Subject	Awards
Ipson PAMENDA	Deloitte	Accounting Technician Competency	Star Business Consultants
Serah TUI	Callan Light for the World Project	Knowledge Management	CPA Australia (PNG Branch)
Garry MAZEWIN	Deloitte	Auditing	Nades & Associates
Vele KAIULO	PwC	Taxation Law & Practice	Deloitte
Arthur AIMBA	Deloitte	Business Law	Deloitte
Belinda YAPEN	IRC	Professionalism & Professional Ethics	CPA Australia (PNG Branch)

May 2010

Name	Employer	Subject	Awards
Arthur AIMBA	Deloitte	Financial Accounting 1	PwC
Moses JIMGORY	Auditor General's Office	Business Law	Deloitte
Gadoeno GABI	Deloitte	Professionalism & Professional Ethics	CPA Australia (PNG Branch)
Freddie LUALUABA	National Dev't Bank	Accounting Technician Competency	Star Business Consultants
Homoka GANIGA	HLB Niugini – Lae	Knowledge Management	CPA Australia (PNG Branch)

CPA Australia

Ongoing negotiations on the reciprocity arrangements with CPA Australia have seen some undertaking given by CPA Australia to allow CPA PNG to offer four of its professional programmes to its members. The revised three (3) year Memorandum of Agreement commencing 2010 has been signed.

6. Continuing Professional Education / Conferences

CPA PNG will continue to deliver quality, very practical Continuing Professional Education Programmes (CPEs) to its members even in centers with no branch presence but with growing interest from members and the business community. Some of the programmes made a surplus; some achieved a break even while others were run at a small loss.

The fees charged for our ongoing CPEs for both members and non members are affordable compared to other similar sessions conducted by training providers and consultants and this will remain unchanged for some time.

CPE Hours

As per CPAPNG Rule 10.1: Fellow, CPA and Accounting Technician members are required to undertake a minimum of 40 hours (20 structured and 20 unstructured) of continuing professional education in each year. 10 of the 20 hours of structured CPE must be obtained from CPE organised by CPA PNG.

Further, the requirement to complete CPE hours as a prerequisite to renewing membership has been closely monitored in the renewal of 2010. A member can make up for the CPEs within the 12 months if CPEs were not undertaken for the previous year.

Conferences held during the year:

Participation in our two annual conferences continues to increase each year. We have also included a third “one day” conference initially held in Madang for the first two years.

CPAPNG / CPA A Annual Conference – held in Holiday Inn, Port Moresby in November 2009. The theme was “Surviving the Turbulent Times”. We had a record attendance of 846 participants (last year 790).

Lae Annual Conference – held in Lae International Hotel, Lae in August 2010. The theme was “Performance Improvement – our role”. We had outstanding presentations and also had a good attendance of 259 participants.

7. Accounting Standards Board (ASB)

The Accounting Standards Board has not yet met to deliberate on the International Financial Reporting Standards for Small to Medium-sized Entities (IFRSs for SMEs). If adopted, this will mean that those entities who meet the SME/SMP criteria may prepare accounts using these standards which are a simpler version of the current IFRSs.

8. Staffing & Website

The CPAPNG staff is a strong and committed team striving to continue to serve the members. Due to the growing need for e-commerce, an Information Technology Administrator’s position was created and Mr. Nathan Ganak was recruited for the position (commenced in August 2010).

Phase 1 of the re-development of the website (www.cpapng.org.pg) is now complete. Members are asked to browse through and forward comments for further improvement. Phase 2 will be to incorporate the membership records and to be accessed through members log-in only.

9. Finance

The 2010 Consolidated Revenue Statement records a deficit of K84,113 (2009 Deficit of K366,269). The deficit was mainly attributed by a 30% loss on our investments in PNG 30 Series Notes (which were then rated AAA) since 2007 and recalled in March 2010. CPAPNG was fortunate to receive majority of its investments as others in similar situations throughout the world were far more seriously financially impacted by Lehman Brothers’ collapse and the global financial crises that followed.

Members’ funds as at 30 September 2010 stood at K5,335,508 compared with K5,419,621 for the previous year.

Cash and short-term deposits at the end of the year were K1,639,816 – in short term investments of K1,220,001 and cash on hand and at bank of K419,815.

10. Building

The investments in CPA Haus and the land on which CPA Haus sits looks well placed in line with the escalating property prices in Port Moresby. A valuation was done in September 2009 resulting in the increase in balance sheet items.

The 99 year state lease over the land on which CPA Haus sits expired in May 2010 and during the year the National Lands Board gave its approval for our lease to be renewed for a further 99 years lease from the expiry date.

11. Closure

Finally, I would like to offer my gratitude to the 2009/2010 Council who have contributed immensely to the challenges that were encountered and to propose changes to improve the quality of services delivered to our members.

Members are advised that the voting papers for the elections of the Executive Committee and Council Members have been issued to ATs, CPAs and Fellows. There was only one nominee each for the President and Vice President; hence they automatically assume the roles. The results of the elections will be announced at the Annual General Meeting on November 18, 2010 at Holiday Inn, Port Moresby

Have a Merry Christmas and a Prosperous 2011 year.

Peter Pokawin
National President (2010)