



## **CERTIFICATION BOARD FOR INSPECTION PERSONNEL**

### **FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2008**

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**CERTIFICATION BOARD FOR INSPECTION PERSONNEL**

**STATEMENT OF FINANCIAL PERFORMANCE**

**YEAR ENDED 31 DECEMBER 2008**

	Note	2008 \$	2007 \$
<b>REVENUE</b>			
Contributing Members	4c	20,800	21,400
AINDT Exam Fees Share	3	13,859	21,555
Department of Labour Contract	9	60,000	75,000
Legal Fees Reimbursement		3,684	-
Examination Fees		72,585	-
Write off - Member's Claim	8	4,444	-
Interest		2,478	1,193
Total Income		<u>177,850</u>	<u>119,148</u>
<b>EXPENSES</b>			
Board Meetings - CBIP		10,330	9,496
Board Meetings - AINDT		855	1,376
Secretary Contract		20,762	17,998
Chairman's Fees	4a	35,413	15,000
Staff Cost		6,833	-
Exam Panel Expenses		4,236	3,204
Office & Other Expenses	4c	13,350	898
Depreciation	14	1,826	-
DOL Liaison		-	5,236
Audit Fees		1,900	1,200
Legal Fees		4,325	4,584
Insurance Claim		-	2,993
Trademark		-	1,956
SOP & QPM Revision		552	-
SDC Complaints		8,232	-
CBIP Accreditation	9	12,708	-
Examination Expenses		34,235	1,410
Indemnity Insurance		6,219	4,827
Doubtful Debt		1,642	-
Total Expenditure		<u>163,418</u>	<u>70,178</u>
Surplus before Taxation		<u>14,432</u>	<u>48,970</u>
Taxation	2	<u>(156)</u>	<u>(44)</u>
<b>Surplus after Taxation</b>		<u><b>14,276</b></u>	<u><b>\$48,926</b></u>

This statement should be read in association with the notes to the financial statements on pages 6 to 12.

**CERTIFICATION BOARD FOR INSPECTION PERSONNEL**  
**STATEMENT OF MOVEMENTS IN ACCUMULATED FUNDS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

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	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Accumulated Funds at Start of the Period	90,573	41,647
Net Surplus for the Period	14,276	48,926
Total Recognised Revenue and Expenses	<u>14,276</u>	<u>48,926</u>
<b>Accumulated Funds at End of Period</b>	<b><u>\$ 104,849</u></b>	<b><u>\$ 90,573</u></b>

**CERTIFICATION BOARD FOR INSPECTION PERSONNEL**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2008**

	<b>Note</b>	<b>2008</b>	<b>2007</b>
		<b>\$</b>	<b>\$</b>
<b>ACCUMULATED FUNDS</b>		<u>104,849</u>	<u>90,573</u>
<b>REPRESENTED BY</b>			
<b>CURRENT ASSETS</b>			
Bank	11	75,543	66,296
Accounts Receivable		-	3,600
Income Receivable	12	-	40,651
Prepaid Insurance		5,183	4,493
Tax Receivable	2	<u>327</u>	189
		81,053	<u>115,229</u>
<b>CURRENT LIABILITIES</b>			
Good and Services Tax		3,376	1,315
Accounts Payable	10	<u>12,325</u>	23,341
		15,701	<u>24,656</u>
<b>NET CURRENT ASSETS</b>		65,352	90,573
<b>NON CURRENT ASSETS</b>	13	<u>39,497</u>	-
<b>NET ASSETS</b>		<u><b>\$104,849</b></u>	<u><b>\$ 90,573</b></u>

Signed on behalf of Board of Governance:

Chairman ..... 

Treasurer ..... 

Date ..... 18/6/09 .....

This statement should be read in association with the notes to the financial statements on pages 6 to 12.

**CERTIFICATION BOARD FOR INSPECTION PERSONNEL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

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**1. STATEMENT OF ACCOUNTING POLICIES**

**Brief Description of the Activities**

Certification Board For Inspection Personnel (CBIP) is an incorporated non-profit society registered under the Incorporated Society Act 1908. CBIP provides certification services for inspection personnel of the engineering industry.

**Reporting Entity**

These financial statements have been prepared under the existing New Zealand Financial Reporting Standards Framework, which is one of the two frameworks for generally accepted accounting practice currently available to be applied in New Zealand for qualifying small entities. The other framework for generally accepted accounting practice is "New Zealand Equivalents to International Financial Reporting Standards", (NZ IFRS). The time line and criteria applicable to small entities and incorporated societies for mandatory conversion to NZ IFRS is yet to be announced by the Accounting Standards Review Board.

**General Accounting Policies**

CBIP is an incorporated society and these financial statements have been prepared in accordance with the Incorporated Societies Act 1908.

The following general accounting policies have been adopted in the preparation of these financial statements:

The principles of measurement and reporting of surplus and financial position have been done under the historical cost method.

The matching of revenue earned and expenses incurred have been accounted for using accrual accounting concepts.

**Changes in Accounting Policies**

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

**CERTIFICATION BOARD FOR INSPECTION PERSONNEL**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2008**

**Particular Accounting Policies**

Particular accounting policies, which materially affect the measurement of profit and of financial position, are:

**Accounts Receivable**

Accounts Receivable is valued at estimated realisable value. Amounts not considered recoverable have been written off as incurred.

**Taxation**

CBIP is a non-profit making concern and as such is taxable on income from trading with non-subscribers and from investments. The first \$1,000 of such income is exempt.

**Goods and Services Tax**

All transactions are recorded exclusive of Goods and Services Tax, except Receivables and Payables, which are inclusive of Goods and Services Tax.

**Foreign Currency Exchange**

All foreign currency transactions are converted to New Zealand currency at the date of the transaction using the rates determined by the Inland Revenue Department.

**Fixed Assets and Depreciation**

Fixed assets are recorded at cost less accumulated depreciation, using a diminishing value basis.

<u>Class of Asset</u>	<u>Depreciation Rates</u>
Computer & Computer Software	40%
Office Furniture	15%
Exam Material RT	20%
Exam Database NDT	30%

**Differential Reporting**

CBIP is a qualifying entity under the Institute of Chartered Accountant of New Zealand differential reporting framework. CBIP qualifies under the size criteria and has taken advantage of all differential-reporting exemptions except for FRS 19 Accounting for Goods and Services Tax.

**CERTIFICATION BOARD FOR INSPECTION PERSONNEL**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2008**

**2. TAXATION INCOME**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Interest Received	2,478	1,193
Exam Fees – Non-Members	15,359	-
Total Taxable Income	<u>17,837</u>	<u>1,193</u>
Specific Expenditure	630	1
Apportioned Expenditure	15,686	59
	<u>16,316</u>	<u>60</u>
<b>NET INCOME</b>	<b>1,521</b>	<b>1,133</b>
Less Exemption	1,000	1,000
Assessable Income	<u>521</u>	<u>133</u>
Tax @ 30% (2007: 33%)	156	44
Less Prior Year Tax Adjustment	-	-
Tax Expense	<u>156</u>	<u>44</u>
Tax Liability For This Year	-	-
Less RWT Paid	<u>483</u>	<u>233</u>
<b>Tax Refund/ (Payable)</b>	<b><u>\$327</u></b>	<b><u>\$189</u></b>

**3. CHANGE IN EXAMINATION SERVICE CONTRACT**

From 1 July 2005 – 30 June 2008, the Australian Institute of Non-Destructive Testing (AINDT) conducted the examinations under Contract to CBIP and paid 25% of the revenue collected to CBIP. In 2008, AINDT paid \$13,859 to CBIP as 25% share of exam fees (2007: \$21,555). Following unsuccessful contract re-negotiations, the contract with AINDT was terminated on 30th June 2008. Subsequently CBIP has taken over the examination function and therefore unbudgeted examination income and expenses occurred.

**CERTIFICATION BOARD FOR INSPECTION PERSONNEL****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2008**

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**4. RELATED PARTY TRANSACTIONS**

- a. The Board Chairman, John Wilson, was traditionally paid an honorarium (2007: \$15,000). However, with CBIP being in a significant transformational phase including taking back the examination role, and this requiring Board Chairman attention in addition of what normally could be expected, the Board agreed to purchase consulting services from John Wilson through E J Wilson & Associates which is owned by John Wilson. The purchases amounted to \$35,413 (2007:\$13,077). In addition, the Board has agreed to pay E J Wilson & Association \$28,835 for services related to examination set up.
- b. With the termination of the AINDT examination services contract and the resumption of the examination role by CBIP, the Board agreed to purchase NDT examination writing services from SQA Ltd, whose Director is Board member Rob Penney. These services amounted to \$35,200, including \$30,000 of exam database and \$5,200 of radiographic films. They have been recorded as fixed assets as at 31 December 2008.
- c. The HERA Director is the nominated honorary Treasurer of CBIP. HERA traditionally was providing accounting services to CBIP on an honorary basis. However, with the introduction of a CBIP job costing scheme during 2008, the Board decided that CBIP pay a fixed fee of \$5,000 for the accounting services provided by HERA.

HERA is a contributing member of CBIP and accordingly has made a contribution of \$5,000 during the year (2007: \$5,000).

Other than above mentioned transactions, no board members were involved in any transaction with CBIP apart from payment of subscription fees, and the use of CBIP services as part of normal member relationship.

All transactions with related parties have been made at arm's length.

**5. CONTINGENCIES**

There are no contingent liabilities as at 31 December 2008 (2007: Nil).

**CERTIFICATION BOARD FOR INSPECTION PERSONNEL**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2008**

**6. COMMITMENTS**

At balance date, CBIP had outstanding commitments under non-cancellable operating lease commitments which are due as follows:

Office Rent:

	<b>2008</b>	<b>2007</b>
	\$	\$
Within one year	8,970	-
More than one year	-	-
	<u>\$ 8,970</u>	<u>-</u>

**7. POST BALANCE DATE EVENTS**

There are no significant post balance date events (2007: Nil)

**8. MEMBER'S CLAIM**

A contingent liability had been recognised in 2005 concerning a member's claim against CBIP. In 2006, the claim was settled by the insurance company. CBIP was required to pay for the amount of excess of \$4,444 as documented in the insurance policy. This claim is written off as it was not claimed.

**9. DEPARTMENT OF LABOUR (DOL) CONTRACT**

CBIP and the Department of Labour (DOL) entered into an agreement in March 2008 for CBIP to provide services as set out in Schedule A of the contract, associated with examination and assessments of equipment inspectors under the Health and Safety in Employment Act, and the preparation and presentation of an application for ISO/IEC 17024:2003 accreditation to the Joint Accreditation System of Australia and New Zealand for the initial documentary review. The fee for the contracted services was \$60,000 (2007: \$75,000).

**CERTIFICATION BOARD FOR INSPECTION PERSONNEL**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2008**

**10. ACCOUNTS PAYABLE**

	<b>2008</b>	<b>2007</b>
	\$	\$
Chairman Honorarium	-	10,000
Chairman Reimbursement	-	2,172
Accrual on Member's Claim	-	4,444
IRD	675	-
HERA	1,474	-
SQA Ltd	4,500	-
Audit Fee	2,137	1,350
General	-	312
DOL Expense	-	5,063
Accounts Payable	898	-
Rent Accrual	996	-
Secretariat Contract	1,645	-
	<u>\$ 12,325</u>	<u>\$23,341</u>

**11. BANK**

	\$	\$
Current Account	14,959	12,191
Short Term Deposits	673	54,105
TSB-New Plymouth	59,911	-
	<u>\$ 75,543</u>	<u>\$ 66,296</u>

**CERTIFICATION BOARD FOR INSPECTION PERSONNEL**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2008**

**12. INCOME RECEIVABLES**

	\$	\$
AINDT Exam Fee	1,642	12,526
DOL Grant	-	28,125
Less Doubtful Debt	<u>(1,642)</u>	<u>-</u>
	<u>-</u>	<u>\$ 40,651</u>

**13. FIXED ASSETS**

	Cost	Accum Depn	Book Value
	\$	\$	\$
<b>2008</b>			
Computer	3,142	209	2,933
Furniture	2,981	75	2,906
Exam Materials	5,200	42	5,158
Exam Database	<u>30,000</u>	<u>1,500</u>	<u>28,500</u>
	<u>\$ 41,323</u>	<u>\$ 1,826</u>	<u>\$ 39,497</u>
<b>2007</b>	Nil	Nil	Nil

**14. DEPRECIATION**

	2008	2007
	\$	\$
Computer	209	-
Furniture	75	-
Exam Materials	42	-
Exam Database	<u>1,500</u>	<u>-</u>
	<u>\$1,826</u>	<u>-</u>

**CERTIFICATION BOARD FOR INSPECTION PERSONNEL**

**FOR THE YEAR ENDED 31 DECEMBER 2008**

**APPENDIX 1 - SCHEDULE TO THE TAX RETURN (ASSESSABLE INCOME)**

<u><b>INCOME</b></u>	<b>2008</b>	<b>2007</b>
	\$	\$
Interest	2,478	1,193
Exam-Fees Non-members	15,359	-
Total Income	<u>17,837</u>	<u>1,193</u>
<u><b>DEDUCTIBLE EXPENSES</b></u>		
Specific Expenditure	630	59
Apportioned Expenditure	15,686	1
Total Deductible Expenses	<u>16,316</u>	<u>60</u>
Net Income	1,521	1,333
Less Exemption	(1,000)	(1,000)
Assessable Income	<u>521</u>	<u>133</u>
<b>Tax Payable for Year @ 30% (2007: 33%)</b>	<b>\$156</b>	<b>\$44</b>

**SPECIFIC EXPENDITURE**

Gross Salary (\$21 per hour x 30 hours) \$630

$$\text{Per Hour} = \frac{41,000}{1,950}$$

Hours for Non-Members = 30 hrs

**CERTIFICATION BOARD FOR INSPECTION PERSONNEL**

**FOR THE YEAR ENDED 31 DECEMBER 2008**

**APPENDIX 1 – SCHEDULE TO THE TAX RETURN (ASSESSABLE INCOME)  
CONTINUE**

**APPORTIONED EXPENDITURE**

General

	\$
Indemnity	6,219
Audit Fees/Legal Fees	1,900
Legal Fees	4,325
Secretary Contract	20,762
Chairman's Honorarium	35,413
Board Meeting	10,330
Board Meeting-AINDT	855
Postage	120
Rent	2,990
Recruitment	4,100
Stationery	471
Courier	181
Telephone	16
Sundry Expenses	195
Accounting	5,000
SDC Complain	8,232
Promotion	215
Panel Expense	4,236
Examinations	34,234
CBIP Accreditation	12,708
SOP & QPM Revision	552
Bank Charges	64
Depreciation	1,826
Doubtful Debts	1,641
Staff Cost	6,833
<b>TOTAL DEDUCTIBLE EXPENSES</b>	<b>163,418</b>

Apportionment:

	<i>Non – member Fees</i>	<b>X Total Deductible Expenses</b>
	<u>Total Income – Interest – NonMember contribution</u>	
ie.	$\frac{15,359 \times 163,418}{160,014}$	<u>15,686</u>
<b>TOTAL APPORTIONED EXPENDITURE</b>		<b>\$ <u>15,686</u></b>

**CERTIFICATION BOARD FOR INSPECTION PERSONNEL**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

**APPENDIX 2 – FIXED ASSETS SCHEDULE**

	Purchase Date	Cost	Opening W.D.V.	Deprec. Rate	Deprec. Amount	Written off	Closing W.D.V.
Computer	1/11/08	3,142	3,142	40%	209		2,933
<b>Total Computer</b>		<b>3,142</b>	<b>3,142</b>		<b>209</b>		<b>2,933</b>
Furniture	1/11/08	2,981	2,981	15%	75		2,906
<b>Total Furniture</b>		<b>2,981</b>	<b>2,981</b>		<b>75</b>		<b>2,906</b>
Exam Material RT	31/12/08	4,000	4,000	20%	2		3,998
Exam Material CWI - Film	1/11/08	1,200	1,200	20%	40		1,160
<b>Total Exam Materials</b>		<b>5,200</b>	<b>5,200</b>		<b>42</b>		<b>5,158</b>
Exam Database NDT	1/11/08	30,000	30,000	30%	1,500		28,500
<b>Total Exam Database</b>		<b>30,000</b>	<b>30,000</b>		<b>1,500</b>		<b>28,500</b>
<b>Total Assets</b>		<b>\$41,323</b>	<b>\$41,323</b>		<b>\$1,826</b>		<b>\$39,497</b>