

# 2013 ANNUAL REPORT



Not For Profit, Not For Charity, But For Service

# VISION YOU CAN TRUST





# Contents

Chairman's Report .....	2 - 4
Chief Executive Officer's Report .....	5 - 6
Directors' Report .....	7
Independent Auditor's Report .....	8
Directors' Declaration .....	9
Profit or Loss and Other Comprehensive Income .....	10
Statement Of Changes In Equity .....	11
Statement Of Financial Position .....	12
Statement Of Cash Flows .....	13
Notes To The Financial Statements .....	14 - 35
Photographs .....	36 - 38

# Chairman's Report

On behalf of the Board of Directors and Management of Teachers Savings and Loan Society Limited, I have the pleasure of presenting the annual report, which covers the affairs of Teachers Savings and Loan Society Limited for the year ended 31st December, 2013, from the Board of Directors perspective.

With continued support from all financial members, management and the community, our Society has seen 2013 as a year of progress. Our Society continues in its efforts to reach out to members and seeks to empower our people through the provision of affordable financial services.

With the ongoing, valuable support and determination from all financial members, management and other stakeholders, I am delighted to inform you on behalf of the Board of Directors, that your Society has continued to report a positive financial performance and progressive position in the financial year 2013. This is highlighted as follows:

- Your Society recorded a net audited profit of **K29.7m (2012: K35.4m)** before crediting additional interest to members. Net profit after crediting additional interest to members was **K19.9m (2012: K26.5m)**;
- Total Assets grew from **K484.6m in 2012 to K518.9m in 2013**, a growth of **7% (K34.3m)**;
- Additional interest of **K9.75m (6.91%)** was credited to members' S1 accounts **(2012: K9m)**.

## Service Facilities

Opening up of Provincial offices is again an investment towards membership growth and bringing our Society's services to our members domiciled in these areas of the country. We must be seen to be living up to our vision statement **'Not for Profit, Not for Charity, But for Service'**. This is the way forward in achieving our objectives.

In the 2013 financial year your Society purchased a property in Alotau, Milne Bay Province, to build its own Branch premises. Preliminary work has commenced and we expect the project to be completed by mid-2015.

We continue to progress our plans to upgrade the existing Popondetta and Vanimu Sub-Branched to full Branch status. We also continue to explore the possibilities of Mendi, Kiunga and Kerema Branches.

Your Board had made a policy decision that all future Provincial offices are to be built as full Branches only, and that the respective relevant local authorities have a key role in securing any establishment requirement or processes. We continue to experience challenges,

especially in locating suitable properties for lease, or land to purchase and build Branches in the Provinces.

Provincial Administrations and Governments that recognise the value of our services and the need for investment in their Provinces, have gone out of their way to allocate land at no cost, allowing the construction of Branch offices.

We are indeed impressed with these Provincial Authorities for their socio-economic foresight and wisdom. We encourage other Provincial Authorities to do likewise.

## Membership

The Commission Program for recruiting new members has been revived. I encourage all members to recruit new members and earn a commission.

## Human Resources

We are not immune from the capacity constraints brought on by the resources boom. We are experiencing the stresses of retaining our good people and the risk of losing them. The HR market in PNG is tight and will remain that way for a while yet.

Our business has become a lot more complex and we need specialists in the fields of Banking (general, lending and electronic), IT (management, technical and business application), HR, legal, properties and security management. We face a challenge in finding and attracting suitable local candidates for these key positions. We have a strategy to seek suitable expertise within the region and emerging markets.

Having said that, it is important to note that we are also employing the strategy of identifying champions from our current human capital pool. These are people with talent, work ethics, and promise, that the Society is investing in, in terms of training and development.

## Capital Improvement Reserve

The Board created a new Reserve called Capital Improvement Reserve, which grew by **59% to K15.9m** from **K10m in 2012**.

## Information Technology

We continue to invest in information technology to develop and deliver products and services.

The Society's website has been upgraded and Internet Banking is now available on our website. SMS Alerts are also now available. We are currently working on introducing other electronic banking products.

## Project Upscale

As a result of our continuous growth and success, and the trust bestowed upon the Society by the members, stakeholders and the relevant authorities, and the continuing changing socio-economic environment in PNG and the world, it is to be noted that over the last few years, through the number of Annual General Meetings (AGMs) and Annual Financial Report Presentation Meetings in the Provinces and/or Regions, our members have been calling upon, and challenging the Teachers Savings & Loans Society to, for instance;

### **Provide additional and upgraded services and products such as:**

- Home mortgage loans
- Personal loans
- Full banking facilities
- Undistributed retained earnings arising out of the changes in fair value of investments
- Continuous membership of Teachers Savings & Loans Society even after retirement /resigning from the Teaching Service Commission, Public Service and other Government Statutory employment
- Others

However, Teachers Savings & Loans Society is being restricted from providing such additional services by the very outdated Savings & Loans Society Act, established in 1962, and slightly amended in 1995.

The Registrar of Savings & Loans Societies and the Governor of the BPNG is aware of this situation and he is already in the process of having the Savings & Loans Society Act reviewed. However the proposed Savings and Loan Societies Act will not address all of our Society's goals and aspirations.

Therefore, out of necessity, your Board of Directors in 2010, proposed to a Special General Meeting (SGM) of more than 250 members in Kavieng, to restructure and demutualise Teachers Savings & Loan Society, and apply for a license under the Banks and Financial Institutions Act. The decision at this Special General Meeting in Kavieng was unanimously in support of the proposal. There were unanimous resolutions in support of the

2010 Kavieng SGM resolution in the 2010 Annual General Meeting (AGM) in Kimbe, followed by the 2011 AGM in Goroka, and the 2012 AGM in Alotau.

I appeal to all our valued members to give your support for Teachers Savings & Loan Society Limited, to migrate to a licensed Bank under the Banks and Financial Institutions Act.

Please be assured that we will together continue to uphold our vision, philosophy, principles and values. These are our roots, our anchor – come rain or shine.

## Corporate Governance

In any growing organisation or developments, there are always increasing risks. Your Board has policies, plans and strategies put in place to mitigate such risks.

The Board and the organisation will continue to have zero tolerance for fraud and overall corruption. Internal control measures will be stepped up further.

Your Board fully realises its pending increasing and growing level of responsibility, accountability and liability as custodians of members' money, by providing sound governance, and ensuring prudent management of members' funds and the overall affairs of the Society.

We have established a Board Audit and Compliance Committee (BARCC) and resourced it with a risk and audit professionals team, who provide a high standard of excellence resulting in the introduction and embedding of best practice in audit and risk management.

We have been able to progress so well this far, despite many difficulties and challenges, and will continue to strive for excellence in value and service for the benefit of our members. This is because of the support, encouragement and the guidance we have received from all of our stakeholders.

## Acknowledgements

May I, on behalf of the Board and Management of Teachers Savings & Loan Society Limited, acknowledge and commend our members nationwide for their confidence, loyalty and overall support to the Society over the last 41 years of development and progress, sometimes through very challenging situations and environments. Without your loyalty and support the Society would not have come this far.

We appreciate the support we received throughout the year from our regulators, the Bank of PNG, the Teaching Service Commission, the Department of Education, and the respective Provincial Education Boards.

Thank you for your on-going support towards the cause of the Teachers Savings & Loans Society Limited and its endeavours at the National, Regional and Provincial levels.

On the International scene, we put on record our valuable affiliation with the World Council of Credit Unions, through the Papua New Guinea Federation of Savings & Loan Societies Limited, and acknowledge the professional and technical co-operation that we share with neighbouring Credit Union movements in Australia and in the Asia-Pacific Regions, and other local Savings and Loan Societies.

Thank you to the management team, and to all of our valued members nationwide. Thank you so much for your contributions to complete one more chapter of our Society's successful operations and growth in 2013.

With divine guidance and strength, we pledge to continue to provide you quality, affordable financial services towards people's empowerment in the environment of mutual trust and unity, as we move forward to the next level.

Remember, let us stand, **'Not for Profit, Not for Charity, But for Service'**.

Thank you.

**Mr Gabriel Tai**  
**Chairman – Board of Directors**

## EXECUTIVE MANAGEMENT



[Left - Right]: Mr **Ariel Carpio** - General Manager Retail Finance Services; Mr **Geoff Ryan** - General Manager Information Technology; Mr **Morgan Sehuri** - Manager Marketing / Business Partner - Change Management; Mr **Russell Tato** - Manager Internal Audits; Mr **Michael Koisen** - Chief Executive Officer; Ms **Grace Bayak** - Manager Human Resources; Mr **Tabu Airi** - Acting General Manager - Corporate Services; Mr **Poni Korua** - Acting Manager Finance & Accounting; Mr **Maranuf Tataeng** - Manager Lending

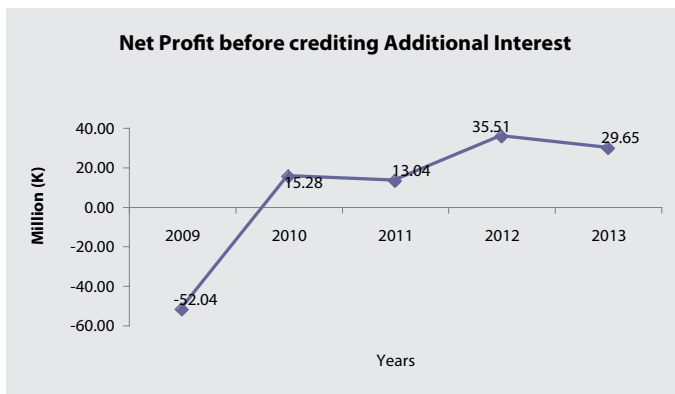
# Chief Executive Officer's Report

On behalf of the Board of Directors and Management of Teachers Savings & Loan Society Limited, I have the pleasure of presenting the operational and financial affairs of Teachers Savings & Loan Society Limited for the year ended 31 December 2013.

## Overview Of Financial Performance

With continued support from all financial members, management and the wider stakeholder community, our Society has seen 2013 as yet another year of continued and steady growth. Our Society's financial results have been positive and are highlighted as follows:

- ❖ **A net audited profit of K29.65m (2012: K35.51m)** before crediting additional interest to members. Net profit after crediting additional interest to member accounts was **K19.9m (2012: K26.5m)**



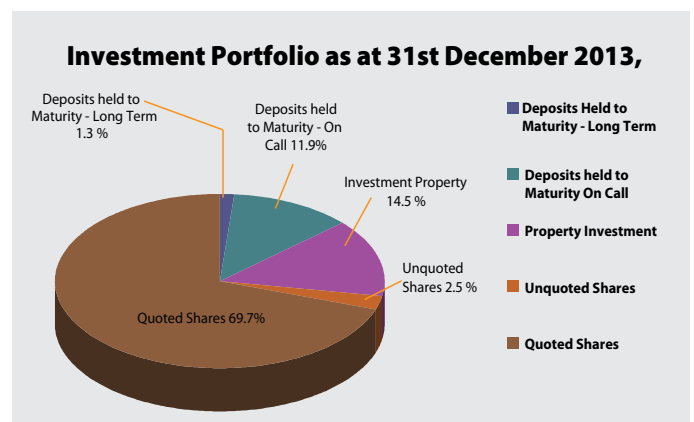
- ❖ **Additional interest of K9.7m (6.9%)** was credited to member's S1 accounts (2012: K9m). Interest paid to members throughout the year was **K3.6m (2012: K3.4m)**, bringing total interest paid in 2013 to **K13.3m (2012: K12.4m)**

Interest Payments					
	2009	2010	2011	2012	2013
Monthly Interest (K'm)	2.79	3.03	3.30	3.46	3.59
*Additional Interest (K'm)	-	8.17	8.50	9.00	9.76
<b>Total Interest (K'm)</b>	<b>2.79</b>	<b>11.20</b>	<b>11.80</b>	<b>12.46</b>	<b>13.35</b>
* % of Total Deposit	-	5.63%	5.64%	5.78%	8.06%

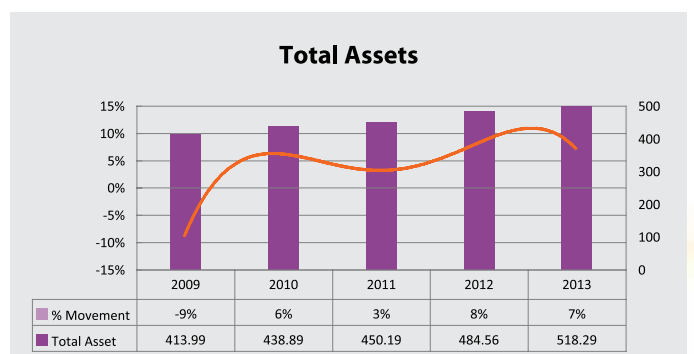
- ❖ **Investments** strategy of TISA is focused on two objectives; to maximise long term returns and to manage business and investment risks. This means the Society must pursue a strategy which seeks capital growth over the medium to long term with moderate income streams.

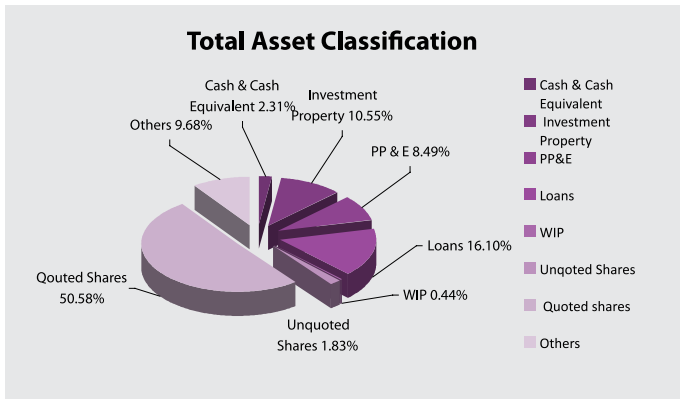
The Society's investments consist of four main asset classes; Cash, Fixed Term Deposits, Equities and Property Investment.

- **Cash**  
The Society's Cash portfolio comprises of Interest Bearing Deposits in commercial banks, and Treasury Bills with the Central Bank, as well as Government Inscribed Stock. The Society has a total Cash portfolio of **K46.8m (2012: K53.5m)**.
- **Equities**  
The Equity portfolio is made up of Quoted and Unquoted Shares. At December 31, 2013 Quoted Shares which make up **70.25%** of the total Investment portfolio was valued at **K262.18m** as compared to its value of **K249m** in 2012. The upward movement was attributed to a slight increase in Share prices.
- **Property Investment**  
The Society's Property portfolio was valued at **K54.7m (2012: K52.5m)**. Properties comprise of Tisa Haus Lae, Tisa Haus Waigani and Kouaka Residential Property. Income for the year from properties was **K6.6m (2012: K4.8m)**.
- **Fixed Term Deposits**  
Comprises of Government Securities with maturities beyond 90 days.

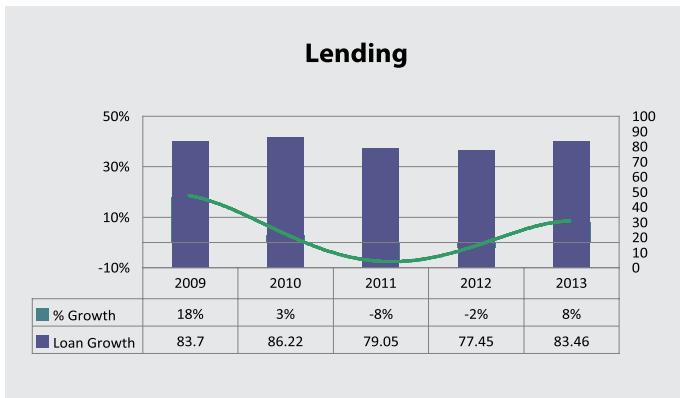


- ❖ **Total assets** grew by **7% (K34m)** to **K518.3m** from **K484.6m** in 2012. This growth can be attributed to increases in the value of listed equities as well as increases in the fair value of investment properties.





❖ **Loans Issued** grew from **K77m** in 2012 to **K83.5m** in 2013. A growth of **7.8%**. Delinquency ratio is at **1.7%** which is overly conservative. Loans to Deposits ratio is at **50%**, well below the prudential standard of **60%**.



## Consolidation And Development

The PNG Teachers Savings & Loan Society Limited was established in 1972, and by 2013 year end, has become a well reputed, large and fast growing organisation, providing quality but limited financial services to its members throughout PNG.

Some 2013 key indicators for the Society’s success have been:

- The longest established and only surviving Society (42 years) in PNG
- Over 39,000 members
- Extended bond to other public servants and employees of statutory bodies
- 15 Branches in operation
- A modern and robust retail banking system

- SMS TXT Balance Check ‘Just 4 U’ service with Digicel
- Successful implementation and rollout of Direct Entry System(DES)
- Website with Internet banking
- Company Intranet
- Improved quality and affordable products and member services
- Growing confidence and trust by the relevant authority and public in TSL
- Implementation of ‘Technology One’ financial system to complement the main Retail Banking software
- Document Management System
- Standardising of the Information Technology operating environment Branch-wide and upgrading

We thank our members nationwide for your confidence and support.

Your Board of Directors has been very forward thinking. Directors have been challenged by new concepts and ideas. They have stood up to the challenges with precision and professionalism. They have not been deterred by impediments. They continue to focus on achieving strategic objectives. While being immovable and steadfast, they have not been afraid to ‘step out of the boat and walk on water.

Thank you, and congratulations to your Board of Directors for a job well done.

Thank you to my management team and staff for your co-operation, support and loyalty, and your smart and hard work.

**Michael O Koisen FAMI, SA Fin, MAICD**  
Chief Executive Officer



# Directors' Report

The Directors of Teachers Savings & Loan Society Limited (Society) submit herewith the Annual Financial Report of the Society for the financial year ended 31 December, 2013. In order to comply with the provisions of the Companies Act 1997 and Savings and Loans Societies Act, the Directors report as follows:

## Principal Activities

The nature of operations and principal activities of the Society are, maintaining membership of teachers and public service officers for the purpose of a Savings and Loan Society, processing member contributions and loans, and managing the investments of the Society.

## Registered Office

The Society is a limited liability company incorporated and domiciled in Papua New Guinea. The address of its registered office is Level 1, Tisa Haus, Sir John Guise Drive, Waigani, NCD, Papua New Guinea.

## Review Of Operations

The Society has recorded an Operating Profit for the year of **K19,891,600 (2012: K26,507,014)**. Profit before additional interest paid was **K29,651,052 (2012: K35,507,014)**.

## Payments To Members

Additional interest of **K9,759,451** was credited to the members savings (S1 Accounts) for the year ended 31 December, 2013 **(2012: K9,000,000)**.

- **K 3,594,075 (2012: K3,458,560)** in the form of interest on members savings was paid during the year.
- **K 9,759,451 (2012: K9,000,000)** was declared as additional interest on members savings (S1 accounts) as at year end.

## Directors

The Non-executive Directors as at the date of this report are:

- Mr Gabriel Tai (Chairman)
- Mr Sam Nalong (Deputy Chairman)
- Mr William Varmari
- Mr Francis Samoak
- Mr Alex Peter

## Society Secretary

The position of Secretary of the Society is currently vacant.

## Director's Eligibility

All Directors were members of the Society for the purpose of eligibility of being a Director of the Society. No Director had any material interest in any contract or arrangement with the Society or any related entity during the year.

## Auditors

Deloitte Touche Tohmatsu was appointed as auditors for the year ended 31 December, 2013. Details of amounts paid to the auditors for audit and other services are shown in Note 3 to the financial statements.

## Changes In State Of Affairs

During the financial year there was no significant change in the state of affairs of the Society, other than that referred to in the Financial Statements or Notes thereto.

## Changes In Accounting Policies

No changes in accounting policies occurred during the current year.

## Events After Balance Date

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Society, the results of those operations, or the state of affairs of the Society in future financial years.

## Entries In The Interest Register

No entries were made in the current year.

## Donations

Donations of **K71,183 (2012: K56,558)** were made during the current year.

## Directors' Remuneration

Disclosure has been made at Note 23.

## Remuneration Above K100,000 Per Annum

Disclosure has been made at Note 23.

Signed in accordance with a resolution of the directors.


On behalf of the Directors



**Mr. Sam Nalong**

**Director**

**Dated, 28th March 2014.**



**Mr. Gabriel Tai**

**Chairman**

**Dated, 28th March 2014**

# Deloitte.

## Independent auditor's report to the Members of Teachers Savings and Loan Society Limited

We have audited the accompanying financial report of Teachers Savings and Loan Society Limited which comprises the statement of financial position as at 31 December 2013, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### Directors' Responsibility for the Financial Report

The directors of Teachers Savings and Loan Society Limited are responsible for the preparation and fair presentation of the financial report in accordance with International Financial Reporting Standards and Companies Act 1997 and with the requirements of the Savings and Loans Societies Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with International Standards on Auditing. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Audit Opinion

In our opinion, the financial statements give a true and fair view of Teachers Savings and Loan Society Limited as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Report on Other Legal and Regulatory Requirements

The financial report of Teachers Savings & Loans Society Limited is in accordance with the Companies Act 1997 and proper accounting records have been kept by the Company. During the year ended 31 December 2013 we provided corporate finance advisory services to Teachers Savings & Loans Society Limited.



**DELOITTE TOUCHE TOHMATSU**



**Suzaan Theron**

Registered under the Accountants Act 1996  
Partner, Chartered Accountant  
Port Moresby, 28th day of February 2014



Left to right: **Sam Nalong** (Director - Momase Region), **William Varmari** (Director - Island Region), **Gabriel Tai** (Chairman & Director - Highlands Region), **Francis Samoak** (Director - Southern Region), **Alex Peter** (Director - NCD)

## Directors' Declaration

The Directors declare that:

- (a) In the Directors' opinion, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they become due and payable
- (b) In the Directors' opinion, the attached Financial Statements and Notes thereto are in accordance with the Companies Act 1997, including compliance with the Savings and Loans Societies Act, and International Financial Reporting Standards and give a true and fair view of the financial position and performance of the Society.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

Mr. Sam Nalong  
Director  
Dated, 28th March 2014

Mr. Gabriel Tai  
Chairman  
Dated, 28th March 2014

# Teachers Savings & Loan Society Limited

## Profit or Loss and Other Comprehensive Income

### For the year ended 31 December 2013

	Note	2013 K	2012 K
Interest and similar income	2	11,321,332	12,364,980
Rental income		6,669,320	4,844,348
Dividend income		15,877,692	14,385,901
Gain arising on financial assets – fair value through profit or loss	5	13,128,661	19,152,945
Change in fair value of investment properties	7	2,145,152	3,577,667
Other income	2.2,6	6,953,451	3,247,937
<b>Total Income</b>		<b>56,095,608</b>	<b>57,573,778</b>
Staff costs		(7,349,405)	(6,841,925)
Operating expenses	3	(15,501,077)	(11,766,279)
<b>Total Expenses</b>		<b>(22,850,482)</b>	<b>(18,608,204)</b>
Operating surplus before income tax		33,245,126	38,965,574
Interest credited to member's accounts – Monthly	2.1	(3,594,075)	(3,458,560)
– Additional	2.1	(9,759,451)	(9,000,000)
		<b>(13,353,526)</b>	<b>(12,458,560)</b>
<b>Surplus/(deficit) for the year after crediting members' accounts</b>		<b>19,891,600</b>	<b>26,507,014</b>
<b>Other comprehensive income</b>			
Increment on revaluation of land and buildings	4	3,600,842	2,836,264
Total comprehensive income/(loss) for the year is attributed to: members of Teachers Savings and Loan Society Limited		<b>23,492,442</b>	<b>29,343,278</b>

This Statement is to be read in conjunction with the accompanying Notes to the Financial Statements.

# Teachers Savings & Loan Society Limited

## Statement of Changes in Equity

### For the year ended 31 December 2013

	Note	General Reserve K	Capital Improvement Reserve * K	Asset Revaluation Reserve K	Retained Earnings K	Total K
<b>Balance at 1 January 2012</b>		71,308,673	2,907,768	15,089,409	207,469,550	296,775,400
Other comprehensive income		-	-	2,836,264	-	2,836,264
Net surplus for the year		-	-	-	26,507,014	26,507,014
Transfer from retained earnings		-	-	-	(7,101,403)	(7,101,403)
Transfer to capital improvement reserve		-	7,101,403	-	-	7,101,403
<b>Balance at 31 December 2012</b>	16,17	<b>71,308,673</b>	<b>10,009,171</b>	<b>17,925,673</b>	<b>226,875,161</b>	<b>326,118,678</b>
Other comprehensive income	4	-	-	3,600,842	-	3,600,842
Net surplus for the year		-	-	-	19,891,600	19,891,600
Transfer from retained earnings		-	-	-	(5,930,210)	(5,930,210)
Transfer to capital improvement reserve	17	-	5,930,210	-	-	5,930,210
<b>Balance at 31 December 2013</b>	16	<b>71,308,673</b>	<b>15,939,381</b>	<b>21,526,515</b>	<b>240,836,551</b>	<b>349,611,120</b>

\* Previously known as Special Reserve

This Statement is to be read in conjunction with the accompanying Notes to the Financial Statements.

# Teachers Savings & Loan Society Limited

## Statement of Financial Position

### For the year ended 31 December 2013

	Note	2013 K	2012 K
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalent	9	11,968,649	14,565,591
Rental and other receivables	11	3,356,446	1,325,033
Net loans to members	8	12,200,457	10,842,867
Other financial assets	10	41,805,460	50,512,344
Other assets			49,850
<b>Total Current Assets</b>		<b>69,331,012</b>	<b>77,295,685</b>
<b>Non-Current</b>			
Property, plant and equipment	4	44,008,654	27,887,990
Capital work in progress		2,306,113	2,879,500
Investment properties	7	54,700,000	52,500,000
Net loans to members	8	71,263,944	66,607,069
Other financial assets	5, 6, 10	276,685,256	257,391,159
<b>Total Non-Current Assets</b>		<b>448,963,967</b>	<b>407,265,718</b>
<b>TOTAL ASSETS</b>		<b>518,294,979</b>	<b>484,561,403</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Members' savings	13	165,501,273	155,653,312
Creditors and accruals	14	2,190,082	1,955,517
Employee provisions	12	316,722	319,980
<b>Total Current Liabilities</b>		<b>168,008,077</b>	<b>157,928,809</b>
<b>Non-Current</b>			
Employee provisions	12	675,782	513,916
<b>Total Non-Current Liabilities</b>		<b>675,782</b>	<b>513,916</b>
<b>TOTAL LIABILITIES</b>		<b>168,683,859</b>	<b>158,442,725</b>
<b>NET ASSETS</b>		<b>349,611,120</b>	<b>326,118,678</b>
<b>EQUITY</b>			
Revaluation reserve		21,526,515	17,925,673
General reserve	16	71,308,673	71,308,673
Capital improvement reserve	17	15,939,381	10,009,171
Retained earnings		240,836,551	226,875,161
<b>TOTAL EQUITY</b>		<b>349,611,120</b>	<b>326,118,678</b>

This Statement is to be read in conjunction with the accompanying Notes to the Financial Statements.

# Teachers Savings & Loan Society Limited

## Statement of Cash Flows

### For the year ended 31 December 2013

	Note	2013 K	2012 K
<b>Cash Flows from Operating Activities</b>			
Net advances to members		(6,617,223)	4,412,202
Interest received on loans	2	9,977,885	9,997,376
Interest paid on savings	2.1	(13,353,526)	(3,458,560)
Cash payments to employees and suppliers		(22,864,082)	(16,525,285)
<b>Net Cash Flows from/used in Operating Activities</b>		<b>(32,856,946)</b>	<b>(5,574,267)</b>
<b>Cash Flows from Investing Activities</b>			
Interest on term deposits	2	1,261,447	2,274,026
Dividends received		15,877,692	14,385,901
Net rental and other income		7,469,422	4,827,619
Proceeds on disposal of investments		-	2,199,875
Payments for investment in property, plant and equipment	4	(10,941,902)	(5,320,674)
<b>Net Cash Flows from/used in Investing Activities</b>		<b>13,666,659</b>	<b>18,366,747</b>
<b>Cash Flows from Financing Activities</b>			
Net savings and deposits received	13	9,847,961	(4,015,061)
Proceeds from maturity of financial assets		6,745,384	-
<b>Net Cash Flows from Financing Activities</b>		<b>16,593,345</b>	<b>(4,015,061)</b>
Net increase/(decrease) in cash and cash equivalents		(2,596,942)	8,777,419
Cash & cash equivalents at the beginning of the year		14,565,591	56,300,516
<b>Cash and Cash Equivalents at the end of the year</b>		<b>11,968,649</b>	<b>65,077,935</b>
<b>Cash and Cash Equivalents after reclassification of Interest Bearing Deposits from Cash to other Financial Assets</b>		<b>-</b>	<b>14,565,591</b>

This Statement is to be read in conjunction with the accompanying Notes to the Financial Statements.

# **Teachers Savings & Loan Society Limited**

## **Notes to and Forming part of the**

### **Financial Statements**

#### **For the year ended 31 December 2013**

#### **1. Statement of Significant Accounting Policies**

The Teachers Savings and Loan Society Limited (Society) is a co-operative financial services organisation domiciled in Papua New Guinea. These financial statements are presented in accordance with the requirements of the Savings & Loans Societies Act, the Teachers Savings and Loan Society Ltd Rules and the Papua New Guinea Companies Act 1997 and prepared in accordance with International Financial Reporting Standards as adopted by the Accounting Standards Board of Papua New Guinea.

##### **1.1 Basis of Accounting**

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Papua New Guinea Kina, unless otherwise noted.

##### **1.2 Revenue Recognition**

Revenue is stated at fair value, net of goods and services tax, rebates and discounts. Revenue is recognised as follows:

###### **1.2.1 Interest Income**

Interest income on member loans is recorded using effective interest rate (EIR), which is the rate that exactly discounts estimated future cash receipts through the expected life of the loan or the shorter period, where appropriate, to the net carrying amount of the loan.

###### **1.2.2 Dividend and Interest Income**

Dividend income from investment is recognised when the Society's right to receive payment has been established.

Interest Income from a financial asset is recognised when it is probable that the economic benefits will flow to the Society and the amount can be measured reliably. Interest Income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

###### **1.2.3 Fees and Services**

Revenue from services is recognised on an accrual basis in the accounting period in which the services are provided.

###### **1.2.4 Rental Income**

Revenue from rentals is recognised on an accruals basis in the accounting period in which rentals on properties is due and receivable.

###### **1.2.5 Movement in Fair Value of Investments**

Changes in fair market value of investments are recognised as income and are determined between the difference between the fair market value at year end or consideration received (if sold during the year) and the fair market value as at the prior year end or cost (if the investment was acquired during the period).



# Teachers Savings & Loan Society Limited

## Notes to and Forming part of the Financial Statements

### For the year ended 31 December 2013

#### 1.2.5 Movement in Fair Value of Investments (continued)

#### 1.3 Property, Plant and Equipment and Depreciation

Land and buildings are shown at fair value, based on annual valuations undertaken by external independent valuers, less accumulated depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. Increases in the carrying amount arising on revaluation of land and buildings are credited to asset revaluation reserves. Decreases that offset previous increases of the same asset are charged against the asset revaluation reserves; all other decreases are charged to the statement of comprehensive income.

Land is not depreciated. Depreciation on other assets is calculated on a diminishing value basis to write off the cost of assets over their estimated economic lives. Depreciation commences from the date upon which an asset becomes operational. The useful lives of each classes of assets are as follows:

Classes of Assets	Useful Lives
Motor Vehicles	4 - 5 years
Office Equipment	4 - 5 years
Furniture and Fittings	5 - 10 years
Property (excluding Land)	20 - 40 years
Computer Software	3 - 5 years
Plant and Equipment	5 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in the profit or loss and other comprehensive income.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

#### 1.4 Income Tax

The Society is exempt from Income Tax under section 40A of the Papua New Guinea Income Tax Act 1959.

#### 1.5 Loans to Members

Loans to members are financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Society provides money or services directly to a

# Teachers Savings & Loan Society Limited

## Notes to and Forming part of the Financial Statements

### For the year ended 31 December 2013

#### 1.5 Loans to Members (continued)

member with no intention of trading the receivable. All such loans are carried at amortised cost. The Society assesses at each balance sheet date whether there is evidence that the loans or group of loans is impaired. A specific provision is made against individual loans where recovery is considered to be in doubt. A general provision is also made where loans are considered delinquent. Interest income on members' loans is charged at 1% per month and is accrued monthly.

#### 1.6 Receivables

Receivables are recognised initially at fair value less an allowance for doubtful debts. An allowance for doubtful debts is established when there is evidence that the company will not be able to collect amounts receivable. Any movement in the allowance for doubtful debts is recognised in the statement of profit or loss and other comprehensive income.

#### 1.7 Financial Instruments

Financial assets and financial liabilities are recognised when the Society becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

##### 1.7.1 Financial Assets

The Society classifies its financial assets into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'available-for-sale' (AFS), held-to-maturity investments and 'loans and receivables'. Management determines the appropriate classification of its investments at the time of the purchase.

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates, or equity prices are classified as FVTPL.

Investments are valued as at 31 December 2013 as follows:

Listed shares are valued at 31 December 2013 at the bid price on that date.

- i. Unlisted shares are carried at fair value
- ii. The net movement on revaluation of listed shares is reflected in the statement of profit or loss and other comprehensive income.

Financial assets at FVTPL are subsequently re-measured at fair value based on quoted bid prices. Gains or losses arising from changes in the fair value of securities classified as FVTPL are recognised in the statement of profit or loss and other comprehensive income in the period in which they arise.

AFS financial assets are recognised at fair value based on an independent valuation. Gains or losses arising from the change in the fair value are recognised in the investment revaluation reserve.

# Teachers Savings & Loan Society Limited

## Notes to and Forming part of the Financial Statements

### For the year ended 31 December 2013

#### 1.7.1 Financial Assets (continued)

Held-to-maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the Society's management has the positive intention and ability to hold-to-maturity. Were the Fund to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale. Held-to-maturity investments are carried at amortised cost using the effective interest rate method.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

#### 1.7.2 Impairment of Financial Assets

At the end of each reporting period, the Society assesses indicators of impairment by reviewing the carrying amounts of financial assets other than those at FVTPL. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of financial asset, the estimated future cash flows of the investments have been affected.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Society's past experience of collecting payments, an increased in the number of delayed payments in the portfolio past the average credit of 60 days.

The amount of impairment loss for assets carried at amortised costs is recognised as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective rate. Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

# Teachers Savings & Loan Society Limited

## Notes to and Forming part of the Financial Statements

### For the year ended 31 December 2013

#### 1.7.3 Financial Liabilities and Equity Instruments

##### 1.7.3.1 Classification as Debt or Equity

Debt and equity instruments issued by the Society are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### 1.7.3.2 Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Society after deducting all of its liabilities.

##### 1.7.3.3 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

##### 1.7.3.4 Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Society manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Society's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS39 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

##### 1.7.3.5 Other Financial Liabilities

Other financial liabilities including (member's deposits, borrowings and trade and other payables) are recognised at inception at fair value plus directly attributable transaction costs and subsequently at amortised cost using the effective interest method.

# **Teachers Savings & Loan Society Limited**

## **Notes to and Forming part of the**

### **Financial Statements**

#### **For the year ended 31 December 2013**

##### **1.7.3.5 Other Financial Liabilities (continued)**

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount of the initial recognition.

##### **1.7.3.6 De-recognition of Financial Liabilities**

The Society derecognises financial liabilities, when and only when, the Society's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability rerecognised and the consideration paid and payable is recognised in profit or loss.

#### **1.8 Investment Properties**

Investment property, principally comprising freehold land and office buildings, is held for long-term rental yields. Investment property is carried at fair value, representing open market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. These valuations are reviewed annually by independent and qualified valuers: Yagur Property Valuations. Changes in fair values are recorded in the statement of profit or loss and other comprehensive income.

#### **1.9 Employee Benefits**

Liabilities for employees' entitlements to wages and salaries, annual leave, and other current employee entitlements are accrued at nominal amounts calculated on the basis of current wage and salary rates. Liabilities for other employee benefits, which are not expected to be paid or settled within 12 months of balance date, are accrued in respect of all employees.

#### **1.10 Provisions**

A provision is recognised when there is a present obligation to transfer economic benefits as a result of past events. The amount provided is the best estimate of the expenditure that would be required to settle the obligation that existed at the balance sheet date.

#### **1.11 Cash and Cash Equivalents**

For the purposes of the statement of cash flows, cash is considered to be cash on hand and current accounts in banks, net of bank overdrafts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash.

#### **1.12 Comparative Figures**

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

#### **1.13 Changes in Accounting Policies**

There have been no changes in accounting policies during the year.

# Teachers Savings & Loan Society Limited

## Notes to and Forming part of the Financial Statements

### For the year ended 31 December 2013

#### 1.14 Going Concern Basis

The financial statements have been prepared on a going concern basis which assumes that the Society will be able to meet its liabilities and obligations as and when they fall due in the normal course of business. As at 31 December 2013 the Society's current liabilities exceeded its current assets creating a working capital deficiency of **K99m (2012: K81m)**. The deficiency in working capital principally arises due to the members savings balance of **K165m** being recognised as a current liability.

Funds received from members savings have been invested in long term investment opportunities, resulting in the apparent maturity mismatch. Based on the actual history of the Society and timing member withdrawals, it is not expected that all members will fully withdraw their savings during the next 12 months as the timing of full withdrawal of savings is aligned with the standard government retirement age of 60 years and over.

Having assessed the Society's ability to generate positive cash flows as well as the likely timing of member withdrawals, the working capital deficiency as disclosed is not expected to affect the Society's ability to meet its operational and financial obligations and the going concern assumption is considered appropriate in the preparation of these financial statements.

#### 1.15 Goods and Services Tax

Revenues, expense and assets are recognised net of the amount of goods and services tax (GST), except;

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as a non-income expense; and
- (ii) for receivables and payables which are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables or payables.

#### 1.16 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Society's accounting policies, which are described in Note 1, the directors of the Society are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

##### 1.16.1 Critical Judgements in Applying Accounting Policies

The following are the critical judgements, apart from those involving estimations (see Note 1.16.2 below), that the directors have made in the process of applying the Society's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

# Teachers Savings & Loan Society Limited

## Notes to and Forming part of the Financial Statements

### For the year ended 31 December 2013

#### 1.16.1.1 Held-to-Maturity Financial Assets

The directors have reviewed the Society's held-to-maturity financial assets in the light of its capital maintenance and liquidity requirements and have confirmed the Society's positive intention and ability to hold those assets to maturity. The carrying amount of the held-to-maturity financial assets is **47m (31 December 2012: 54m)**. Details of these assets are set out in Note 10.

#### 1.16.1.2 Significant Influence over Capital Life Insurance

Note 6 describes that Capital Life Insurance Group Ltd is an associate of the Society. The Society owns a 35% ownership interest in Capital Life Insurance Group Ltd and has significant influence over CIGL by virtue of its shareholding.

#### 1.16.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### 1.16.3 Useful Lives of Property, Plant and Equipment

As described in Note 1.3, the Society reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

#### 1.16.4 Fair Value Measurements and Valuation Processes

Some of the Society's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Society uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Society engages third party qualified valuers to perform the valuation.

## 2. Interest Income

	2013 K	2012 K
Interest income – members' loans	9,977,885	9,997,376
Interest income – short term liquid funds	1,343,447	2,367,604
	<b>11,321,332</b>	<b>12,364,980</b>

### 2.1 Interest Expense

Interest expense – members' savings	(3,594,075)	(3,458,560)
Additional interest	(9,759,451)	(9,000,000)
	<b>(13,353,526)</b>	<b>(12,458,560)</b>

Interest expense on members' savings is accrued and credited to members' accounts at the end of each month. The interest paid for 2013 is **K3,594,075** with additional interest of **K9,759,451** credited to members accounts on 31 December 2013. **(2012: K9,000,000)**. This amount is included as a charge against operating surplus for the year.

# Teachers Savings & Loan Society Limited

## Notes to and Forming part of the Financial Statements

### For the year ended 31 December 2013

2.2 Other Income	2013 K	2012 K
Net loan processing and account administration fees	2,002,000	2,018,235
Tisa and LPI insurance commission, and other	786,015	1,229,702
Reversal of impairment provision for Capital Life investment	3,000,000	-
	<b>5,788,015</b>	<b>3,247,937</b>

### 3. Operating Expenses

Surplus for the year was arrived at after charging the following items to the statement of profit or loss and other comprehensive income.

Auditors remuneration- statutory audit services	121,238	132,630
Fixed assets write off	-	153,344
Bank charges and interest	76,781	115,779
Depreciation	1,059,381	761,380
Doubtful debts – loans	(602,758)	(1,565,875)
Electricity	1,762,355	1,048,498
Insurance	425,929	355,282
Property expenses	580,967	1,143,942
Travel, airfares and accommodation	979,813	566,137
Security costs	120,670	68,687
Rental expenses	2,431,334	1,966,833
Data processing expenses	1,517,208	773,046
Printing and stationery	576,514	597,337
Establishment costs	293,306	195,300
Fuel	241,937	230,100
Advertising & promotion, Credit Union Day	1,427,039	844,411
Staff education	147,356	60,148
Donations	71,183	56,558
Entertainment	251,857	174,883
Telephone	320,456	314,490
Repairs and maintenance	823,889	820,280
Rates and taxes	220,941	229,162
Motor vehicle expenses	232,234	222,505
Filing and legal costs	479,932	296,434
Freight	125,010	118,893
Consulting	380,377	608,663
Cleaning	341,392	294,899
General and administrative expenses	1,094,736	1,182,503
	<b>15,501,077</b>	<b>11,766,279</b>



# Teachers Savings & Loan Society Limited

## Notes to and Forming part of the Financial Statements

### For the year ended 31 December 2013

#### 4. Property, Plant and Equipment

	Freehold Land	Buildings & Improvements	Furniture & Fittings	Office Equipment	Motor Vehicles	Computer Software	Plant & Equipment	TOTAL
	K	K	K	K	K	K	K	K
<b>Cost or Valuation</b>								
At 1 January 2013	16,000,000	8,500,000	323,966	1,272,507	2,787,144	2,655,417	197,582	31,736,616
Additions	6,909,338	4,158,329	-	542,619	1,267,525	794,211	74,898	13,746,919
Revaluation Increment	2,090,662	1,510,180	-	-	-	-	-	3,600,842
Disposals	-	-	-	-	(902,825)	-	-	(902,825)
Adjustment	-	(602,406)	-	-	-	-	-	(602,406)
<b>At 31 December 2013</b>	<b>25,000,000</b>	<b>13,566,103</b>	<b>323,966</b>	<b>1,815,126</b>	<b>3,151,844</b>	<b>3,449,628</b>	<b>272,480</b>	<b>47,579,147</b>
<b>Accumulated Depreciation</b>								
At 1 January 2013	-	434,911	189,078	411,474	1,563,256	1,145,535	104,373	3,848,627
Charge for the Year	-	167,495	13,489	119,507	537,123	171,394	14,369	1,059,376
Disposals	-	-	-	-	(735,105)	-	-	(735,105)
Adjustment	-	(602,406)	-	-	-	-	-	(602,406)
<b>At 31 December 2013</b>	<b>-</b>	<b>-</b>	<b>202,567</b>	<b>530,981</b>	<b>1,401,274</b>	<b>1,316,929</b>	<b>118,742</b>	<b>3,570,492</b>
<b>Net Book Value</b>								
At 31 December 2013	25,000,000	13,566,103	121,399	1,284,145	1,750,569	2,132,699	153,738	44,008,654
At 31 December 2012	16,000,000	8,065,089	134,888	861,034	1,223,888	1,509,882	93,209	27,887,990

The valuation of land and buildings are measured at fair value, being the amounts for which the property could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The carrying amounts are based on an independent revaluation undertaken by Yagur Property Valuations at 31 December 2013. Consistent with the accounting policy of the Society, revaluation surplus was credited to the revaluation reserve account.

#### 5. Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss are analysed as follows:

	2013 K	2012 K
<b>Quoted Shares:</b>		
<b>Bank South Pacific Limited</b>		
Balance at the beginning of the year	139,577,970	131,942,745
Carrying value of shares sold	-	(1,102,750)
Initial purchase price		
Fair value gain/(loss) from change in net market value	(1,385,389)	8,737,975
<b>At Valuation (2013: 17,317,366 shares @ K7.98 per share)</b>	<b>138,192,581</b>	
<b>(2012: 17,317,366 shares @ K8.06 per share)</b>		<b>139,577,970</b>
<b>Credit Corporation (PNG) Limited</b>		
Balance at the beginning of the year	106,949,700	96,254,730
Fair value gain/(loss) from change in net market value	14,584,050	10,694,970
<b>At Valuation (2013: 48,613,500 shares @ K2.50 per share)</b>	<b>121,533,750</b>	
<b>(2012: 48,613,500 shares @ K 2.20 per share)</b>		<b>106,949,700</b>

# Teachers Savings & Loan Society Limited

## Notes to and Forming part of the Financial Statements

### For the year ended 31 December 2013

#### 5. Financial Assets at Fair Value through Profit or Loss (Continued)

	2013 K	2012 K
<b>Airlines PNG Limited</b>		
Balance at the beginning of the year	2,520,000	2,800,000
Fair value gain/(loss) from change in net market value	(70,000)	(280,000)
<b>At Valuation (2013: 7,000,000 shares @ K0.35 per share) (2012: 7,000,000 shares @ K0.36 per share)</b>	<b>2,450,000</b>	<b>2,520,000</b>
<b>Total financial assets at fair value through profit or loss</b>	<b>262,176,331</b>	<b>249,047,670</b>

The quoted shares are valued at fair value which is determined using the quoted market price per share as at 31 December 2013.

Gain/(loss) recognised in relation to financial assets at fair value through profit or loss:

• Bank of South Pacific	(1,385,389)	8,737,975)
• Credit Corporation (PNG) Ltd	14,584,050	10,694,970
• Airlines PNG Ltd	(70,000)	(280,000)
<b>Unrealised Gain/(Loss)</b>	<b>13,128,661</b>	<b>19,152,945</b>

#### 6. Investment in Associate – Capital Insurance Group

Balance at beginning of year	5,343,489	8,135,600
Additional investment	-	207,889
(Provision)/reversal for impairment of associate	3,000,000	(3,000,000)
Share of associate's net profit	1,165,436	-
	<b>9,508,925</b>	<b>5,343,489</b>

During the year management re-assessed the Society's significant influence over CIG and have determined that the Society does have significant influence due to the Society holding 35% of the voting power at shareholder meetings and also having a contractual right to appoint one out of five directors to the board of directors. The investment is classified as an associate for the purpose of these financial statements and the equity method of accounting has been applied.

As a result of the change in classification, the Society has recorded adjustments to the carrying value of the associate for the Society's share of equity from when there was first significant influence in 2009, to the 2013 financial year. The total increase in the carrying value due to the Society recognising share of equity is **K1,165,437**.

# Teachers Savings & Loan Society Limited

## Notes to and Forming part of the Financial Statements

### For the year ended 31 December 2013

#### 7. Investment Properties

##### *Investment Properties – Land & Buildings*

Particulars	Fair Value 31 Dec 2012	Gain/(Loss)	Additions	Disposals	Fair Value 31 Dec 2013
Tisa Haus, Waigani	37,000,000	1,955,530	44,470	-	39,000,000
Tisa Haus, Lae	7,500,000	189,623	10,377	-	7,700,000
Kouaka Place, Gordons	8,000,000	-	-	-	8,000,000
<b>TOTAL</b>	<b>52,500,000</b>	<b>2,145,152</b>	<b>54,847</b>	<b>-</b>	<b>54,700,000</b>

Particulars	Fair Value 31 Dec 2011	Gain/(Loss)	Additions	Disposals	Fair Value 31 Dec 2012
Tisa Haus, Waigani	32,945,000	3,400,009	654,99	-	37,000,000
Tisa Haus, Lae	7,790,000	(290,000)	-	-	7,500,000
Kouaka Place, Gordons	6,800,000	467,658	732,342	-	8,000,000
<b>TOTAL</b>	<b>47,535,000</b>	<b>3,577,667</b>	<b>1,387,333</b>	<b>-</b>	<b>52,500,000</b>

The fair value of the Society's investment properties as at 31 December 2013 and 31 December 2012, has been arrived at on the basis of a valuation carried out on the respective dates by Yagur Property Valuations, independent valuers not related to the Society. Yagur Property Valuations are members of the Papua New Guinea Institute of Valuers and Land Administrators, and they have appropriate qualifications and vast experience in the valuation of properties in various locations.

The fair value was determined on the market value basis, that reflects recent transaction prices for similar properties, and has also taken into account that the Society is a going concern without any intention to liquidate or wind up its operations. In estimating the fair value of the properties, the highest and the best use of the properties is their current use. There has been no change to the valuation technique during the year.

Details of the Society's investment properties and information about the fair value hierarchy as at 31 December 2013 are as follows:

Investment Properties	Level 1	Level 2	Level 3	Fair Value 31 Dec 2013
Tisa Haus, Waigani	-	-	39,000,000	39,000,000
Tisa Haus, Lae	-	-	7,700,000	7,700,000
Kouaka Place, Gordons	-	-	8,800,000	8,800,000
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>54,700,000</b>	<b>54,700,000</b>

# Teachers Savings & Loan Society Limited

## Notes to and Forming part of the Financial Statements

### For the year ended 31 December 2013

8. Loans to Members	2013 K	2012 K
<b>Current</b>		
Balances receivable	12,398,940	11,138,876
Allowance for doubtful debts	(198,483)	(296,009)
	<b>12,200,457</b>	<b>10,842,867</b>
<b>Non- Current</b>		
Balances receivable	72,483,195	68,425,412
Allowance for doubtful debts	(1,219,251)	(1,818,343)
	<b>71,263,944</b>	<b>66,607,069</b>
	<b>83,464,401</b>	<b>77,449,936</b>

The interest rate charged on loans to members during the year was 1% per month or 12% per annum. These loans are repayable over various periods as fixed by the Board, but not exceeding 5 years.

#### 8.1 Impairment Losses on Loans to Members

Impairment allowances on loans to members represent management's best estimate of losses incurred in the loan portfolios at the end of the reporting period. Management is required to exercise judgement in making assumptions and estimations when calculating impairment allowances on both individually and collectively assessed loans to members.

<b>Loans &amp; Advances</b>		
School fees	13,124,103	13,147,392
Medical	3,597,174	3,648,124
General purposes	68,160,856	62,767,884
<b>Gross Loans and Advances</b>	<b>84,882,133</b>	<b>79,563,400</b>
Less allowances for losses on loans and advances	(1,417,734)	(2,114,352)
	<b>83,464,401</b>	<b>77,449,936</b>
<b>Movement in Allowances for Impairment of Loans and Advances</b>		
Balance at the beginning of the year	2,114,352	4,923,223
Amounts written off as uncollectible during the year	(104,041)	(1,205,576)
Write back of provision no longer required	(615,964)	(1,604,995)
Amounts recovered during the year	(1,604,995)	23,387
Impairment losses recognised during the year	23,387	1,700
<b>Balance at the end of the Year</b>	<b>1,417,734</b>	<b>2,114,352</b>

#### 8.2 Loans and Advances which are Past Due but not Impaired

Past Due 0-59 days	6,233,128	16,479,560
Past Due 60-89 days	1,437,078	2,139,897
Past Due 90-179 days	1,877,403	2,487,588
Past Due 180-359 days	708,113	1,433,023
Past Due 360 days and over	460,142	504,353
	<b>10,715,864</b>	<b>23,044,421</b>

# Teachers Savings & Loan Society Limited

## Notes to and Forming part of the Financial Statements

### For the year ended 31 December 2013

#### 8.2 Loans and Advances which are Past Due but not Impaired (continued)

A facility is considered to be past due when a contractual payment falls overdue by one or more days. When a facility is classified as past due, the entire facility balance is disclosed in the past due analysis.

The Society assesses the allowance for impairment on loans and advances on a collective basis. Any facilities where any assessment of probability of default or loss, would give rise to a reasonable expectation that the facilities in question will need in the short term to be subject to a write-down or write-off, will be assessed for impairment on an individual basis. Impairment allowances are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

#### 9. Cash and Cash Equivalents

	2013 K	2012 K
Cash on hand and at bank	8,967,299	8,555,039
Interest bearing deposits	3,001,350	6,010,552
<b>Net Cash and Cash Equivalents</b>	<b>11,968,649</b>	<b>14,565,591</b>

The Society does not have a credit facility with any bank. It operates a number of accounts with the main operating account used for general administration and loan payments to members. Accounts are also kept with Australia and New Zealand Banking Ltd and Westpac Port Moresby.

Short term deposits bear interest on average of 2% per annum. Included in held to maturity investments are treasury bills that have maturity of no more than 90 days from the balance date and provide a return of approximately 4% per annum.

#### 10. Deposits Held to Maturity

Deposits held to maturity at the balance date were as follows:

<b>Current</b>		
Central bank bills	14,841,570	28,953,524
Treasury bills	26,963,890	21,558,820
<b>Total Current</b>	<b>41,805,460</b>	<b>50,512,344</b>
<b>Non-Current</b>		
Inscribed stock	5,000,000	3,000,000
Treasury bills	-	-
<b>Total Non-Current</b>	<b>5,000,000</b>	<b>3,000,000</b>
<b>Total Deposits</b>	<b>46,805,460</b>	<b>53,512,344</b>

Investments in government inscribed stock bear interest varying between **5-12% per annum**. (2012: 5-12% per annum).

# Teachers Savings & Loan Society Limited

## Notes to and Forming part of the Financial Statements

### For the year ended 31 December 2013

11. Rental and other Receivables	2013 K	2012 K
Rental debtors	1,897,681	25,040
Less: Allowance for rental debtors	(7,625)	(7,625)
	<b>1,890,056</b>	<b>17,415</b>
Prepayments	57,745	3,800
Interest receivable	372,109	290,129
Other debtors	1,071,125	1,702,189
Less: Allowance for other debtors	(34,589)	(688,500)
	<b>3,356,446</b>	<b>1,325,033</b>

#### 12. Employee Provisions

<b>Non-Current</b>		
Long service leave	675,782	513,916
<b>Current</b>		
Annual leave	316,722	319,980

#### 13. Members' Savings

Opening balance at 1 January	155,653,312	150,668,373
Net increase/(decrease)	88,510	(4,015,061)
Additional interest	9,759,451	9,000,000
<b>Closing balance at 31 December</b>	<b>165,501,273</b>	<b>155,653,312</b>

In accordance with Section 22 of the Savings & Loans Societies Act (Chapter 141), the Society has a lien on all members' savings and has a right to offset in respect of any debt due from a member.

#### 14. Creditors and Accruals

Medical claims	14,461	14,461
Rental bonds	20,029	21,529
Goods and services tax	237,824	237,824
Group tax	29,169	98,512
Accrued expenses	784,634	835,395
Sundry creditors	866,131	490,539
Rent received in advance	18,959	38,382
Unearned revenue	218,875	218,875
	<b>2,190,082</b>	<b>1,955,517</b>

# Teachers Savings & Loan Society Limited

## Notes to and Forming part of the Financial Statements

### For the year ended 31 December 2013

#### 15. Members' Capital

The Society has no share capital as it is a company limited by guarantee.

#### 16. General Reserve

	2013 K	2012 K
Opening balance at 1 January	71,308,673	71,308,673
Transfer from Retained Earnings	-	-
<b>Closing balance at 31 December</b>	<b>71,308,673</b>	<b>71,308,673</b>

The general reserve represents a statutory minimum of twenty percent (20%) of each year's net earnings before declaring interest on deposits, and dividends. Money standing to the credit of the fund shall be invested in the same manner as other monies of the Society however, application of the fund shall be for the purpose of bad loans or losses and shall not be used for any other purpose except on the winding up of the Society. If the reserve is greater than 10% of liabilities, then 20% of net earnings is not required to be transferred.

#### 17. Capital Improvement Reserve

Opening balance at 1 January	10,009,171	2,907,768
Transfer from/(to) Retained Earnings	5,930,210	7,101,403
Amounts used for Capital Improvements	-	-
<b>Closing balance at 31 December</b>	<b>15,939,381</b>	<b>10,009,171</b>

What used to be "special reserve" for directors' training costs was renamed "capital improvement reserve". This resulted from the decision to accommodate all directors' training in the operating budget and create a separate reserve to cater for future plans to develop and/or improve properties and land that the Society owns. The statutory minimum of 20% allocation of net earnings per annum to general reserve (Note 16) has also been diverted to capital improvement reserve, since the required level to cover bad loans in general reserve has been reached.

#### 18. Asset Revaluation Reserve

Opening balance at 1 January	17,925,673	15,089,409
Increment on revaluation of land and buildings	3,600,842	2,836,264
<b>Closing balance at 31 December</b>	<b>21,526,515</b>	<b>17,925,673</b>

Land and buildings are revalued every year by professional valuers. The increase in the fair values related to owner occupied properties from the valuation is captured in the asset revaluation reserve account. Movement in the fair value of investment with Capital Life Insurance Ltd has also been included. In previous years, the investment with Capital Life Insurance Ltd was carried at cost and has been revalued at fair value due to the financial asset having a reliable measure of fair value.

# Teachers Savings & Loan Society Limited

## Notes to and Forming part of the Financial Statements

### For the year ended 31 December 2013

#### 19. Financial Instruments and Risk Management

The Society's activities expose it to a variety of financial risks, including the effects of changes in market prices and interest rates. The Society monitors these financial risks and seeks to minimise the potential adverse effects on the financial performance of the Society. The Society does not use any derivative financial instruments to hedge these exposures.

##### 19.1 Maximum Credit Risk and Concentration of Credit Risk

Current management policy requires that all loans secured are restricted to the maximum of members' savings. In cases where loans are taken out on a 1:2 ratio, additional security may be deemed necessary in accordance with the Rules of the Society.

##### 19.2 Liquidity Risk

Loans to members are approved with adherence to specified repayment terms and rate facilities within the loan contract and are generally over a 2 to 60 month repayment term depending on the nature of the loan. The Society maintains a mix of investments on call and with a spread of maturity terms from two months to six months. This ensures the Society maintains liquid capability and limits its exposure to interest rate risks due to market fluctuations.

##### 19.3 Interest Rate Risk

The Society's standard loan agreement provides that interest be charged at 1% per calendar month on all existing and current loan accounts. Loan terms are restricted to a maximum of five years, although all delinquent loans are repayable on demand after 90 days. The short term nature of borrowing, and the lack of fixed long term lending ensure that the Society does not face any material interest rate risk. The average interest rate charged over the year was **12% (2012: 12%)** compared to the cost of funds of **2%**.

The Society also holds 'held-to-maturity financial assets' at variable rates, which expose the Society to cash flow interest rate risk. It is not the Society's policy to hedge these interest rate risks.

##### 19.4 Price Risk

A large amount of the Society's assets are held in shares listed on the Port Moresby Stock Exchange (see Note 5). The value of these shares is subject to market conditions.

##### **Sensitivity Analysis**

With all other variables held constant, the Society's exposure to share price and interest (on held-to-maturity-deposits) risks are measured by sensitivity analysis as follows:



# Teachers Savings & Loan Society Limited

## Notes to and Forming part of the Financial Statements

### For the year ended 31 December 2013

#### 19.4 Price Risk (continued)

	Carrying Amount 31 Dec 2013 K'000	Price Risk Reduction by 5% Profit Effect K'000	Price Risk Increase by 5% Profit Effect K'000
<b>Interest Bearing Deposits</b>			
Deposits with BPNG	41,805	(1,072)	1,185
Deposits with Financial Institutions	3,001	(29)	32
	<b>44,806</b>	<b>(1,101)</b>	<b>1,217</b>
<b>Investment in Shares</b>			
Bank of South Pacific Ltd	138,192	(6,910)	6,910
Credit Corporation (PNG) Ltd	121,534	(6,076)	6,076
Airlines PNG	2,450	(123)	123
	<b>262,176</b>	<b>(13,109)</b>	<b>13,109</b>

	31 Dec 2013				31 Dec 2012	
	Market Price K	Units	Market Value K	Shareholding as a % of Net Assets of the Society	Market Value K	Shareholding as a % of Net Assets of the Society
Airlines PNG	0.35	7,000,000	2,450,000	1%	2,520,000	1%
Credit Corporation (PNG) Ltd	2.50	48,613,500	121,533,750	34%	106,949,700	33%
Bank of South Pacific Ltd	7.98	17,317,366	138,192,581	39%	139,577,970	43%
			<b>262,176,331</b>		<b>249,047,670</b>	

#### 19.5 Financial Liquidity Table

The table below summarises the maturity profile of the Society's financial liabilities as at 31 December 2013 based on contractual undiscounted repayment obligations.

	At Call K	Up to 3 Months K	3 Months- 1 Year K	1 Year- 5 Years K	More than 5 Years K
<b>2013</b>					
Deposits and other borrowings	165,501,273	-	-	-	-
Trade payables	-	1,186,573	-	-	-
<b>Total Undiscounted Cashflows</b>	<b>165,501,273</b>	<b>1,186,573</b>	-	-	-
<b>2012</b>					
Deposits and other borrowings	155,653,312	-	-	-	-
Trade payables	-	901,247	-	-	-
<b>Total Undiscounted Cashflows</b>	<b>155,653,312</b>	<b>901,247</b>	-	-	-

# Teachers Savings & Loan Society Limited

## Notes to and Forming part of the Financial Statements

### For the year ended 31 December 2013

#### 19.6 Fair Values of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments: cash, deposits, investments and loans to members - the carrying amount of these is equivalent to their fair value. For investments, refer Notes 5 and 6. accounts payable and sundry payables are carried at fair value. Member deposits are recognised at inception at fair value and subsequently at amortised cost.

The Society uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

- Level 1 : derived from quoted prices(unadjusted) in active markets for identical assets and liabilities,
- Level 2 : derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- Level 3 : derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

#### 19.7 Fair Value of the Society's Financial Assets that are measured at Fair Value on a recurring basis

Some of the Society's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how fair values of the financial assets are determined (in particular, the valuation techniques(s) and the inputs used)

Financial Assets/Financial Liabilities	Fair Value as at		Fair Value Hierarchy	Valuation Technique(s) and Key Input(s)	Significant Unobservable Input(s)	Relationship of Unobservable Inputs to Fair Value
	31 Dec 13 K	31 Dec 12 K				
Listed shares (Note 5)	262,176,331	249,047,670	Level 2	Market approach – Bid prices of the POM Stock Exchange were used to value listed shares	-	-
Unlisted shares - Capital Life Insurance Ltd (Note 6)	11,146,701	5,343,489	Level 3	Market approach- Comparable share price of a recent Rights issue was used to value the shares	Share price of the Rights issue	Share price of the Rights issue directly affects the value of the investment

# Teachers Savings & Loan Society Limited

## Notes to and Forming part of the Financial Statements

### For the year ended 31 December 2013

#### 20. Details of Material Associates

Details of the Society's material associates at the end of the reporting period are as follows:

Name of Associate	Principal Activity	Place of Incorporation and Operation	Proportion of Ownership Interest and Voting Power Held by the Society	
			31 Dec 2013	31 Dec 2012
Capital Insurance Group Ltd	Provider of Life and General Insurance	Port Moresby, Papua New Guinea	35%	35%

The above associate is accounted for using the equity method.

#### 21. Employees

The number of people employed by the Society during the year was **237 (2012: 209)**.

#### 22. Retirement Benefits

The Society participates in the National Superannuation Fund of Papua New Guinea in respect of its national employees. The employer contribution rate is 12%. Employer contributions during the year amounted to **K499,352 (2012: K419,035)**.

#### 23. Related Parties

Member loans are made to staff and directors in the ordinary course of business in accordance with the Society's Rules. The total value of these loans at 31 December 2013 is **K1,038,766 (2012: K520,628)**. The interest rate, security and repayment terms on these loans are consistent with the normal terms extended to members who are not either directors or staff.

The Society has a 35% shareholding interest with Capital Insurance Group Limited (CIGL). The Society did not undertake any significant transactions with CIGL.

# Teachers Savings & Loan Society Limited

## Notes to and Forming part of the Financial Statements

### For the year ended 31 December 2013

#### 23. Related Parties (continued)

##### (a) Key Management Personnel Remuneration

The number of employees or former employees, not being Directors of the company, whose total remuneration and the value of other benefits received, exceeded K100,000 falls within each relevant band of income as follows:

	2013	2012
K100,000 – K119,999	-	1
K120,000 – K129,999	-	-
K130,000 – K139,999	-	-
K140,000 – K149,999	1	1
K150,000 – K159,999	-	-
K160,000 – K259,999	3	1
K360,000 – K389,999	1	1
K390,000 – K419,999	1	1
K420,000 – K449,999	-	1
K450,000 – K479,999	-	-
	<b>6</b>	<b>6</b>

##### The specified Executives of the Society during the Year were:

- Mr. Michael Koisen – Chief Executive Officer
- Mr. Terry Mayu – General Manager – Corporate Services
- Mr. Rodney Hoffmann – General Manager – Retail Services (resigned in June 13)
- Matthew Hasu – Manager – Finance & Accounting (relieved of duties in Dec 13)
- Ms Grace Bayak – Manager – Human Resources & Payroll
- Mr Geoff Ryan – Manager – Information Technology

##### The specified Directors of the Society during the Year were:

- Mr. Gabriel Tai (Chairman)
- Mr. Sam Nalong (Vice Chairman)
- Mr. Francis Samoak
- Mr. Alex Peter
- Mr. William Varmari

# Teachers Savings & Loan Society Limited

## Notes to and Forming part of the Financial Statements

### For the year ended 31 December 2013

#### 23. Related parties (continued)

Specified executives' remuneration in aggregate:

	Primary			Post-Employment			Equity	Other Benefits	Total
	Salary & Fees	Bonus	Non- Monetary	Super- annuation	Prescribed Benefits	Other	Options		
	K	K	K	K	K	K	K		
2013	1,713,337	82,405	-	-	102,800	-	-	-	1,898,542
2012	2,065,311	82,405	-	-	207,534	-	-	-	2,355,250

#### b) Transactions with Directors

Other than remuneration, there were no transactions with Directors during the financial year.

#### 24. Contingencies and Capital Commitments

The Society has received a number of claims arising in the ordinary course of business. The Society has disclaimed liability and is defending the actions. It is not practical to estimate the potential effect of these claims, however, legal advice indicates that any liability that may arise in the unlikely event the claims are successful is not expected to be significant. **(2012:K Nil)**.

#### 25. Segment Information

The Society operates as one segment and in one geographical location being Papua New Guinea.

#### 26. Events Occurring after the Reporting Period

There were no events occurring after the reporting period that would impact the financial position of the Society as at 31 December 2013 or the period then ended.

# Photographs



COMMUNITY INITIATIVE - TISA BUS STOP LAUNCHING



CAPITAL LIFE INSURANCE - PAYS TISA MEMBER'S NEXT OF KIN



CAREER EXPO - TISA AT AIR ENERGY CAREER EXPO



# Photographs



IALIBU BRANCH OPENING



TISA HELPS LALOKI SECONDARY SCHOOL WITH 30TH ANNIVERSARY BILLBOARD



PNG SOCCER CHARITY CUP



THE NEW TISA SECURITY BASE



# Photographs







**Port Moresby Head Office**

PO Box 319, Waigani  
National Capital District  
Tel : 300 2200 / 325 7599  
Fax : 325 7679  
email: marketing@tsl.org.pg

**Lae Branch**

PO Box 1186, Lae  
Morobe Province  
Tel : 427 4368  
Fax : 427 5819  
email: tslae@tsl.org.pg

**Mt Hagen Branch**

PO Box 787, Mt Hagen  
Western Highlands Province  
Tel : 542 2733  
Fax : 542 1367  
email: tslhgn@tsl.org.pg

**Rabaul Branch**

PO Box 1333, Rabaul  
East New Britain Province  
Tel : 982 8256  
Fax : 982 8255  
email: tslkpo@tsl.org.pg

**Goroka Branch**

PO Box 1222, Goroka  
Eastern Highlands Province  
Tel : 732 3511  
Fax : 732 3170  
email: tslgka@tsl.org.pg

**Alotau Branch**

PO Box 663, Alotau  
Milne Bay Province  
Tel : 641 0161  
Fax : 641 1546  
email: tslalo@tsl.org.pg

**Madang Branch**

PO Box 639, Madang  
Madang Province  
Tel : 852 2305  
Fax : 852 1107  
email: tslmdg@tsl.org.pg

**Kavieng Branch**

PO Box 510, Kavieng  
New Ireland Province  
Tel : 984 1177  
Fax : 984 1178  
email: tslkvg@tsl.org.pg

**Wewak Branch**

PO Box 1083, Wewak  
East Sepik Province  
Tel : 856 1179  
Fax : 856 1140  
email: tslwwk@tsl.org.pg

**Buka Branch**

PO Box 255, Buka  
AROB  
Tel : 973 9400  
Fax : 973 9430  
email: tslbka@tsl.org.pg

**Manus Branch**

PO Box 129, Lorengau  
Manus Province  
Tel : 470 9198  
Fax : 470 9485  
email: tslmas@tsl.org.pg

**Ialibu Branch**

C/- Tisa Head Office, Waigani  
National Capital District  
Tel : 540 1758  
Fax : 540 1889  
email: ialibubbranch@tsl.org.pg

**Kimbe Sub Branch**

PO Box 645, Kimbe  
West New Britain Province  
Tel : 973 8400  
Fax : 973 8400  
email: tslkbe@tsl.org.pg

**Vanimo Sub Branch**

PO Box 138, Vanimo  
West Sepik Province  
Tel : 857 1398  
Fax : 857 1398  
email: tslvan@tsl.org.pg

**Popondetta Sub Branch**

PO Box 124, Popondetta  
Oro Province  
Tel : 329 7406  
Fax : 329 7406  
email: tslpop@tsl.org.pg



Not For Profit, Not For Charity, But For Service