

THE NATIONAL ST. JOHN COUNCIL OF PAPUA NEW GUINEA

Operating as

ST. JOHN AMBULANCE (PNG)

Annual Report

For the year ended 31 December 2019

ST. JOHN AMBULANCE (PNG)

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ST. JOHN AMBULANCE (PNG)

Council information

The National St. John Council of Papua New Guinea is a statutory incorporation that has been operating as an association, St. John Ambulance (PNG), in Papua New Guinea since 1957, in accordance with the St. John Council Incorporation Act 1976, and the Papua New Guinea Associations Incorporation Act 1966.

Registered Office	St. John Ambulance (PNG) 702 Taurama Road 3 Mile, Port Moresby Papua New Guinea
Members	Jean L Kekedo CSM OBE OStJ (Chairperson) Peter Lowing CBE OBE OStJ Ian Clough Lutz Heim Comm. David Manning MBE DPS QPM Dr Lynda Sirigoi Isikeli Taureka Vavine Anang Ivan Lu Matthew Cooper Carolyn Blacklock Des Yaninen
Chief Executive Officer	Matt Cannon OStJ
Auditors	Wau Accountants & Business Consultants PO Box 4171 Boroko
Bankers	Bank of South Pacific Limited PO Box 78 Port Moresby

ST. JOHN AMBULANCE (PNG)

Council report

The members of the National St John Council of Papua New Guinea (the "Council") take pleasure in presenting the annual financial report on the affairs of St. John Ambulance (PNG) ("SJA") including the financial statements for the year ended 31 December 2019 and the auditors' report thereon.

Principal activities

The principal activities of SJA during the financial year was humanitarian and health care services, including ambulance, prehospital and emergency health care. During the financial year there was no change in the principal activities or state of affairs of SJA.

Operating results

SJA reported after tax profit of K3,018,495 (2018: K2,025,223).

Council Members

The members of the Council at any time during or since the end of the previous financial year are listed on page 1. No member had any material interest by reason of a contractual arrangement with the Council or any related entity with the directors of, or with a firm of which he or she is a member, or in which he or she has a substantial financial interest.

Remuneration of Councillors and Employees

The Council members do not receive remuneration, and key management personnel compensation has been disclosed in note 16 to the annual financial statements.

Interests register

There were no transactions recorded in the interests register during the financial year.

Donations

No donations were made by SJA during the financial year (2018: K Nil).

Independent audit report

The financial statements have been audited by *Wau Accountants & Business Consultants* and should be read in conjunction with the independent audit report on pages 5 and 6.

Change in accounting policies

During the year, SJA adopted IFRS 16 Leases. Other than this there were no other changes in accounting policies made during the financial year.

ST. JOHN AMBULANCE (PNG) Council report

Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

SJA has traditionally encountered challenges in raising revenue to meet its humanitarian objectives and management and Council are well used to meeting these challenges. Management and Council are constantly focused on this issue and have managed to improve revenue collection sufficient to fund a substantial increase in services in recent years. Having regard to all the circumstances, including a consistent and continuous focus on expense control by SJA, the Council believes that the organisation will be able to continue as a going concern in the coming years.

Matters or circumstances arising after the end of the reporting period


No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of SJA, the results of those operations, or the state of affairs of SJA in future financial years.

Dated at Port Moresby this 30 day of December 2021.

Signed in accordance with a resolution of the Council.



Council Chairperson



Councillor

ST. JOHN AMBULANCE (PNG)
Declaration by Members of the Council

In accordance with a resolution of the National Council of St. John Papua New Guinea, the members of the Council declare that:


- (a) the financial statements and notes, set out on pages 7 to 30 are in accordance with the Papua New Guinea Companies Act 1997 including:
 - i. complying with applicable financial reporting standards and other mandatory professional reporting requirement approved for use in Papua New Guinea by the Accounting Standard Board; and
 - ii. giving a true and fair view of SJA's financial position as at 31 December 2019 and of the financial performance as represented by the results of its operations and its cash flows for the financial year ended on that date.
- (b) there are reasonable grounds to believe that SJA will be able to pay its debts as and when they become due and payable; and
- (c) the financial statements and notes set out are also in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and the requirements of the Papua New Guinea Companies Act 1997.

Dated at Port Moresby this 30 day of December 2021.

Signed in accordance with a resolution of the Council.



Council Chairperson



Councillor

ST. JOHN AMBULANCE (PNG)
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2019

	Note	2019 K	2018 K
Revenue			
Grants and Donations		9,922,825	7,969,824
Commercial services income		<u>2,072,942</u>	<u>1,717,019</u>
	6	11,995,767	9,686,843
Other income			
Gain on disposal of assets		82,366	16,364
Fair value gain on donated assets received		-	1,352,937
Other income		<u>293,016</u>	<u>23,220</u>
	7	375,382	1,392,521
Expenditure			
Employee cost	8	(4,020,590)	(3,004,721)
Depreciation expense	10	(908,697)	(580,083)
Administrative and Operating expenses	9	<u>(4,423,368)</u>	<u>(5,469,337)</u>
		(9,352,654)	(9,054,141)
Profit / (loss) for the year		<u>3,018,495</u>	<u>2,025,223</u>
Total comprehensive income / (loss) for the year		<u><u>3,018,495</u></u>	<u><u>2,025,223</u></u>

The notes on pages 11 to 30 are an integral part of these financial statements.

ST. JOHN AMBULANCE (PNG)
Statement of financial position
As at 31 December 2019

	Note	2019 K	2018 K
Assets			
Current assets			
Cash and cash equivalents	11	3,017,520	1,003,531
Trade and other receivables	12	1,841,420	766,575
Total current assets		<u>4,858,940</u>	<u>1,770,107</u>
Non-current assets			
Property, plant and equipment	10	12,199,542	12,172,321
Total non-current assets		<u>12,199,542</u>	<u>12,172,321</u>
Total assets		<u>17,058,482</u>	<u>13,942,428</u>
Current liabilities			
Trade and other payables	13	3,227,521	3,302,400
Employee benefits obligation	14	180,396	81,713
Total current liabilities		<u>3,407,917</u>	<u>3,384,113</u>
Non-current liabilities			
Employee benefits obligation	14	450,520	376,764
Total non-current liabilities		<u>450,520</u>	<u>376,764</u>
Total liabilities		<u>3,858,437</u>	<u>3,760,877</u>
Net assets		<u>13,200,045</u>	<u>10,181,550</u>
Equity			
Asset revaluation reserve	15	8,045,382	8,045,382
Retained earnings		5,154,663	2,136,168
Total shareholders' equity		<u>13,200,045</u>	<u>10,181,550</u>

The notes on pages 11 to 30 are an integral part of these financial statements.

ST. JOHN AMBULANCE (PNG)
Statement of changes in equity
For the year ended 31 December 2019

	Note	Asset Revaluation Reserve K	Retained earnings K	Total K
Balance as at 1 January 2018		8,045,382	110,945	8,156,327
Total comprehensive income for the year		<u>-</u>	<u>2,025,223</u>	<u>2,025,223</u>
Balance as at 31 December 2018		8,045,382	2,136,168	10,181,550
Total comprehensive income for the year		-	3,018,495	3,018,495
Balance as at 31 December 2019		<u>8,045,382</u>	<u>5,154,663</u>	<u>13,200,045</u>

The notes on pages 11 to 30 are an integral part of these financial statements.

ST. JOHN AMBULANCE (PNG)
Statement of cash flows
For the year ended 31 December 2019

	Note	2019 K	2018 K
Cash flows from operating activities			
Profit for the year		3,018,495	2,025,223
Depreciation		908,697	580,083
Gain on disposal of assets		(82,366)	(16,364)
Fair value gain on donated assets received		-	(1,352,937)
Net movement in provisions		172,438	81,246
Net movement in trade and other receivables		(1,074,845)	(194,760)
Net movement in trade and other payables		(74,879)	2,343,452
Other movements		354,836	-
Net cash from operating activities		<u>3,222,377</u>	<u>3,465,943</u>
Cash flows from investing activities			
Payment for property, plant and equipment	10	(1,115,841)	(2,629,298)
Proceeds from disposal of property, plant and equipment		82,366	16,364
Net cash used in investing activities		<u>(1,033,475)</u>	<u>(2,612,934)</u>
Net (decrease) / increase in cash and cash equivalents		2,188,902	853,009
Cash and cash equivalents at the beginning of the year		<u>1,003,531</u>	<u>150,522</u>
Cash and cash equivalents at the end of the year	11	<u><u>3,192,433</u></u>	<u><u>1,003,531</u></u>

The notes on pages 11 to 30 are an integral part of these financial statements.

ST. JOHN AMBULANCE (PNG)
Notes to the financial statements
For the year ended 31 December 2019

1. General information

The National St. John Council of Papua New Guinea (the "Council" or "SJA") is an association incorporated and domiciled in Papua New Guinea. The address of the Council's registered office is 702 Taurama Road, 3 Mile, Port Moresby, PNG. SJA primarily is involved in the provision of humanitarian and health care services, including ambulance, prehospital and emergency health care.

(a) Statement of compliance

The financial statements of SJA have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the Accounting Standards Board of Papua New Guinea (ASB) and the requirements of the Papua New Guinea Companies Act 1997.

(b) Basis of accounting

The financial statements have been prepared on a historical cost basis, except for the revaluation of land and buildings. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

(c) Functional and presentation currency

These financial statements are presented in Papua New Guinea Kina which is the Council's functional and presentation currency. All amounts have been rounded to the nearest Kina, unless otherwise indicated.

(d) Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

SJA has traditionally encountered challenges in raising revenue to meet its humanitarian objectives and management and Council are well used to meeting these challenges. Management and Council are constantly focused on this issue and have managed to improve revenue collection sufficient to fund a substantial increase in services in recent years. Having regard to all the circumstances, including a consistent and continuous focus on expense control by SJA, the Council believes that the organisation will be able to continue as a going concern in the coming years.

ST. JOHN AMBULANCE (PNG)
Notes to the financial statements
For the year ended 31 December 2019

1. General information (continued)

(e) Use of estimates and judgements

The preparation of a financial report in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. 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 and in future periods if affected. The significant estimates and judgements applied in the preparation of these financial statements include:

- revenue recognition - revenue is recognised on a receivable basis where the amount is reliably measurable and there is adequate probability of receipt;
- depreciation of property, plant and equipment - the charge for depreciation is derived after determining estimates of assets' expected useful lives. The estimated useful lives are based on historical experience with similar assets as well as anticipation of future events which may impact their lives. Useful lives are determined when assets are acquired and reviewed annually for appropriateness;
- valuation of land and buildings - refer to note 10;
- accruals and provisions - expenditure incurred in the reporting period where there is uncertainty as to the final amount to be paid, is accounted for on the basis of an estimated value where this treatment is viewed as appropriate. An accrual is recognised when it is probable that an obligation exists for which a reliable estimate can be made. The amount may change in the future due to new developments or as additional information becomes available;
- employee benefit obligations - the *Annual Leave provision* is based on the total employees as per the employees listing, the leave accruals calculated as at year-end, and the daily rate per employee, while the *Long Service Leave obligation is estimated* based on the total employees as per the current employees listing, their years in service and their pay rate;
- provision for doubtful debts - a provision is made where information indicates that a debt is unlikely to be paid by a customer.

ST. JOHN AMBULANCE (PNG)
Notes to the financial statements
For the year ended 31 December 2019

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Grants and donations

Income from grants and donations are recognised when the funds are received or receivable; for example, where the control of the future economic benefits have been obtained and agreement is enforceable. This would arise for:

- non-conditional grants and donations, when the funds are received or when the grant agreement becomes enforceable; for example, formal notification that the grant application has been approved or the contract or agreement is executed.
- conditional grants, when the enforceable conditions are met.

Commercial services income

Rendering of services

Revenue relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Sale of goods

Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Other income

Gains from the disposal of assets are included in profit and loss as part of *Other income*. Donated assets are recognised when acquired at their estimated fair value and are included in profit and loss and other comprehensive income as part of *Other income*.

ST. JOHN AMBULANCE (PNG)
Notes to the financial statements
For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

(b) Income tax

SJA is exempt from Corporate Tax. Goods and Services Tax (GST) is paid and can be claimed when GST returns are lodged (monthly). Salaries and Wages Tax is applicable.

(c) Cash and cash equivalents

Cash comprises cash on hand, at bank and term deposits with an original term of 3 months or less. For the purposes of the cash flow statement, cash includes cash on hand and in banks, net of outstanding bank overdrafts.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, except for land and buildings, which are measured at fair value, less subsequent accumulated depreciation and accumulated impairment losses. Valuations are performed whenever management believes there has been a material movement in the value of the assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income or other expenses in the statement of profit or loss and other comprehensive income.

Minor additions to assets, defined as those costing less than K2,000 each, are expensed (fully depreciated) in the year in which the cost is incurred.

Donated assets are recognised at their estimated fair value at the time of acquisition.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to SJA, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

ST. JOHN AMBULANCE (PNG)
Notes to the financial statements
For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated. An assessment is made at each financial year-end to determine whether the depreciation method, useful lives and residual values are still appropriate.

The straight line method of depreciation is used and the rates of depreciation are:

Buildings	5%
Motor vehicles	10% - 33.3%
Plant and equipment	10%
Office equipment	15%
Office furniture and fittings	7.50%

(e) Trade and other payables

Trade and other payables are stated at amortised cost. These amounts represent liabilities for goods and services provided to the Council prior to the end of the financial year and which are unpaid.

(f) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(g) Financial instruments

SJA only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value, representing amortised cost, as follows:

<i>Cash and cash equivalents</i>	Cash held (at bank and on hand)
<i>Trade payables and trade receivables</i>	Settlement amount after any trade discounts
<i>Short term deposits</i>	Monies placed on deposit with a maturity date of more than three months are treated as current asset investments. Where the maturity date is three months or less, the deposit is recognised within cash or cash equivalents. In each case, the deposit is convertible to cash at its carrying amount.

ST. JOHN AMBULANCE (PNG)
Notes to the financial statements
For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

(g) Financial instruments (continued)

(i) Recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Council becomes a party to the contractual provisions of the instrument.

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.

(ii) Classification and measurement

On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Council changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

SJA accounted for its financial assets at amortised cost as at 31 December 2019.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, SJA may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets that are measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

ST. JOHN AMBULANCE (PNG)
Notes to the financial statements
For the year ended 31 December 2019
(g) Financial instruments (continued)

(ii) Classification and measurement (continued)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortised cost or at FVTPL. A financial liability is classified at FVTPL if it is classified as held-for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit and loss. Any gains or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Council derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Council neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Council derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Council also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Council currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

ST. JOHN AMBULANCE (PNG)

Notes to the financial statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

(h) Impairment

(i) *Non-derivative financial assets*

Financial instruments

The Council recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

The Council measures loss allowances at an amount equal to *lifetime expected credit losses*, except cash and cash equivalents which are measured as *12-month expected credit losses* as credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Council's historical experience and informed credit assessment and including forward-looking information.

The Council assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Council considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Council is exposed to credit risk.

ST. JOHN AMBULANCE (PNG)
Notes to the financial statements
For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

(h) Impairment (continued)

(i) Non-derivative financial assets (continued)

Measurement of ECLs

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flow due to the entity in accordance with the contract and the cash flows that the Council expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Council assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Credit-impaired financial assets

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Council on terms that the Council would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Council determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Council's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Council's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

ST. JOHN AMBULANCE (PNG)
Notes to the financial statements
For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

(h) Impairment (continued)

(ii) Non-financial assets (continued)

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

3. Changes in significant accounting policies

SJA initially applied IFRS 16 that is mandatory effective for an accounting period that begins on or after 1 January 2019. Implementation of IFRS 16 did not have a significant impact on accounting for leases since the entity does not have any significant lease arrangements in place. A number of other new interpretations and amendments are also effective 1 January 2019 but they do not have a material effect on SJA's financial statements.

4. Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Council has not early adopted the following new or amended standards in preparing these financial statements.

IFRS 17 Insurance Contracts

Insurance Contracts, effective beginning on or after 01 January 2023

Amendments to IAS 1 and IAS 8

Applying materiality when preparing financial statements on or after 1 January 2020

IFRS 3 amendments - Clarifying what is a business

Definition of a business on or after 1 January 2020

ST. JOHN AMBULANCE (PNG)
Notes to the financial statements
For the year ended 31 December 2019

4. Standards issued but not yet effective (continued)

Conceptual framework - The new foundation for IFRS

Amendments to references to conceptual framework in IFRS standards on or after 1 January 2020

Sale of contribution of assets between investors & associates

Effective on or after 1 January 2020

The Council does not expect that the adoption of standards listed above will have a material impact on the financial statements of St. John in future periods.

5. Correction of prior period errors and comparative amounts

Where necessary, comparative figures have been adjusted to present the effect of correcting prior period errors. This has not resulted in adjustment to retained earnings of prior periods.

ST. JOHN AMBULANCE (PNG)
Notes to the financial statements
For the year ended 31 December 2019

	2019 K	2018 K
6. Revenue		
Grants and Donations	9,922,825	7,969,824
Commercial services income		
<i>Clinical Service-Airport</i>	-	229,600
<i>Commercial Training</i>	743,974	519,745
<i>Event Health Services (First Aid Services)</i>	177,515	150,981
<i>First Aid Kit Sales</i>	181,082	100,467
<i>NCD Ambulance Fees</i>	422,325	506,681
<i>Private Air Ambulance Fees</i>	543,173	209,545
<i>Public Air Ambulance Fees</i>	4,875	-
	<u>11,995,767</u>	<u>9,686,843</u>
7. Other income		
Gain on disposal of assets	82,366	16,364
Fair value gain on donated assets received	-	1,352,937
Other income		
<i>Uniform Sales (staff)</i>	374	254
<i>Other Revenue</i>	292,642	22,966
	<u>375,382</u>	<u>1,392,521</u>
8. Employee cost		
Salaries, wages and allowances	3,393,239	2,787,343
Employee benefits	417,739	165,313
Other employee costs	209,612	52,065
	<u>4,020,590</u>	<u>3,004,721</u>
9. Administrative and Operating expenses		
Administrative consultancy fees	552,525	278,369
Materials and supplies	568,767	759,236
Membership fees, subscriptions and contribution	46,638	36,715
Minor equipment, furniture and fittings	100,918	264,838
Other operating expenses	1,733,547	2,730,107
Overseas travel	101,083	357,097
Routine maintenance	97,207	38,025
Training	129,663	78,775
Transport and fuel	535,473	439,760
Travel and subsistence	174,177	172,609
Utilities	383,370	313,808
	<u>4,423,368</u>	<u>5,469,337</u>

ST. JOHN AMBULANCE (PNG)
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10. Property, plant and equipment

	Land		Buildings and improvements		Furniture, plant and equipment		Motor vehicles		Capital Work-in-Progress		Total
	At Fair Value	At Fair Value	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost			
Cost / Fair Value											
Balance at 1 January 2018	6,000,000	2,053,940	186,228		1,211,511	-				9,451,679	
Additions	-	673,502	1,179,353		2,129,380	-				3,982,235	
Disposals	-	-	-		(83,752)	-				(83,752)	
Balance at 31 December 2018	6,000,000	2,727,442	1,365,581		3,257,139	-				13,350,163	
Additions	-	235,120	374,717		316,365	189,639				1,115,841	
Disposals	-	-	(6,808)		(341,024)	-				(347,832)	
Other adjustments	-	-	-		(232,672)	-				(232,672)	
Balance at 31 December 2019	6,000,000	2,962,562	1,733,490		2,999,808	189,639				13,885,501	
Accumulated Depreciation											
Balance at 1 January 2018	-	(102,447)	(25,494)		(553,570)	-				(681,511)	
Depreciation for the year	-	(117,865)	(126,394)		(335,824)	-				(580,083)	
Disposals	-	-	-		83,752	-				83,752	
Balance at 31 December 2018	-	(220,312)	(151,888)		(805,642)	-				(1,177,842)	
Depreciation for the year	-	(142,250)	(251,467)		(514,980)	-				(908,697)	
Disposals	-	-	1,447		341,024	-				342,470	
Other adjustments	-	-	-		58,110	-				58,110	
Balance at 31 December 2019	-	(362,562)	(401,908)		(921,488)	-				(1,685,958)	
Net book value											
At 31 December 2018	6,000,000	2,507,130	1,213,693		2,451,497	-				12,172,321	
At 31 December 2019	6,000,000	2,600,000	1,331,582		2,078,320	189,639				12,199,542	

Land and buildings were revalued on 2 June 2020 by Mariano E. Lakae, and independent professional valuer, with reference to an active market. The valuation was performed using the summation approach.

The carrying amount that would have been recognised, had the assets been carried under the cost model, is not available and therefore not disclosed.

ST. JOHN AMBULANCE (PNG)
Notes to the financial statements
For the year ended 31 December 2019

11. Cash and cash equivalents

	2019 K	2018 K
Cash at bank	3,017,520	1,003,531
	<u>3,017,520</u>	<u>1,003,531</u>

For the purpose of the Statement of Cash Flows, cash includes cash at bank and term deposits at call net of outstanding bank overdrafts.

12. Trade and other receivables

Trade receivables	1,732,296	664,105
Prepayments	105,399	12,081
Other receivables	3,725	90,389
	<u>1,841,420</u>	<u>766,575</u>

13. Trade and other payables

Trade payables	2,901,145	394,317
Accruals and other payables	326,376	2,908,083
	<u>3,227,521</u>	<u>3,302,400</u>

14. Employee benefits obligation

<i>Current liability</i>		
Annual leave	<u>180,396</u>	<u>81,713</u>
<i>Non current liability</i>		
Long service leave	<u>450,520</u>	<u>376,764</u>

The average number of employees during the year was 212 (2018: 269).

15. Asset revaluation reserve

Balance at 1 January	<u>8,045,382</u>	<u>8,045,382</u>
Balance at 31 December	<u>8,045,382</u>	<u>8,045,382</u>

The asset revaluation reserve arose on the revaluation of land and buildings. Upon recognition, the property value was credited to the asset revaluation reserve.

ST. JOHN AMBULANCE (PNG)
Notes to the financial statements
For the year ended 31 December 2019

16. Related parties

St John is associated with "St John International" which is the Most Venerable Order of the Hospital of St John of Jerusalem.

Apart from the disclosure in this note, no Council member, key management personnel or their related parties has entered into a material contract with SJA during the reporting period and there were no material contracts involving councillors, key management personnel or their related parties existing at the end of the annual reporting period.

Related party transactions

Legal services were provided by the firm *Leahy, Lewin, Lowing, Sullivan Lawyers*, in which council member Peter Lowing is a Partner. In addition, accounting services were provided to *KPMG*, in which council member Lutz Heim is a Consultant.

	Net transaction value	Net transaction value
	2019	2018
	K	K
Legal services	42,372	3,100
Accounting services	11,000	-

Loans to Council members

There were no loans to members of the Council during the year (2018: K Nil).

Key management personnel compensation

Key management personnel are defined as the Council members of St John Ambulance and the executive management team. Council members receive no remuneration except for expenses necessarily incurred during the performance of their duties.

In addition to staff salaries, SJA contributes to a superannuation fund on their behalf.

	Net transaction value	Net transaction value
	2019	2018
	K	K
Short term employee benefits	803,928	567,441

Short term benefits include salaries and wages and all benefits provided including bonus. Long term benefits are only in respect of long service leave.

ST. JOHN AMBULANCE (PNG)
Notes to the financial statements
For the year ended 31 December 2019

17. Contingent liabilities

Contingent liabilities not otherwise provided for in the financial statements amounted to K Nil (2018: K Nil).

18. Financial commitments

Capital commitments at reporting date was K Nil (2018: K Nil).

19. Financial instruments

SJA has exposure to the following risks from its use of financial instruments:

- a) Credit risk
- b) Liquidity risk
- c) Market risk
- d) Operational risk

This note presents information about the SJA's exposure to each of the above risks, the Council's objectives, policies and processes for measuring and managing risk, and the Council's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Council has overall responsibility for the establishment and oversight of a risk management framework. Management has developed policies and procedures for activities that carry operational risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Council's activities. SJA, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

a) Credit risk

Credit risk is the risk of financial loss to the Council if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the SJA's receivables from customers and investment securities.

Trade and other receivables

SJA's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of SJA's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the current economic circumstances. SJA's revenue is not attributable to transactions with any particular single customer. Geographical concentration of credit risk is within Papua New Guinea only.

ST. JOHN AMBULANCE (PNG)
Notes to the financial statements
For the year ended 31 December 2019

19. Financial instruments (continued)

(a) Credit risk (continued)

Cash and cash equivalents

SJA limits its exposure to credit risk by investing its cash and cash equivalents with reputable banks and other institutions.

In the normal course of its business SJA incurs credit risk from customers. There are no significant concentrations of credit risk. The Council has a credit policy to manage exposure to credit risk. As part of this policy, limits on exposures have been set and are monitored on a regular basis.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2019	2018
	K	K
Trade receivable (net of provision for impairment)	1,732,296	664,105
Other debtors and prepayments	109,124	102,470
Cash and cash equivalents	3,017,520	1,003,531
	<u>4,858,940</u>	<u>1,770,107</u>

The maximum exposure to credit risk for trade receivables (net) at the reporting date was:

	2019	2018
	K	K
Trade receivables	<u>1,732,296</u>	<u>664,105</u>

Impairment loss

The aging of trade receivable (net) at the reporting date was:

	2019	2018
	K	K
Not past due	133,458	325,570
Past due 1 - 30 days	318,068	24,150
Past due 31 - 90 days	164,377	165,780
More than 91 days	1,116,393	148,605
	<u>1,732,296</u>	<u>664,105</u>

ST. JOHN AMBULANCE (PNG)
Notes to the financial statements
For the year ended 31 December 2019

19. Financial instruments (continued)

(a) Credit risk (continued)

Expected credit losses assessment for trade receivables at 1 January and 31 December 2019.

SJA reviews the trade receivables from individual customers at the end of the annual reporting period, to determine whether or not to recognise an allowance for impairment of trade receivables. Where an allowance is required, an amount equivalent to the impaired trade receivable amount is recognised as an impairment loss. No impairment was recorded as at 1 January 2019 and 31 December 2019.

Cash and cash equivalents

SJA held cash at bank of K3,017,520 (2018: K1,003,531).

The Council considers its cash at bank has a low credit risk based on external credit ratings of the counterparties.

Due to short term maturities and low credit risk, SJA did not recognise an impairment allowance against cash and cash equivalents as at 1 January 2019 and 31 December 2019.

(b) Liquidity risk

Liquidity risk is the risk that SJA will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. SJA's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Council's reputation.

SJA ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities:

	Carrying amount	Contracted cash flows	Less than 1 year	More than 1 year
Amount at 31 December 2019:				
<i>Non-derivative financial liabilities:</i>				
Trade and other payables	<u>3,227,521</u>	<u>3,227,521</u>	<u>3,227,521</u>	<u>-</u>
Amount at 31 December 2018:				
<i>Non-derivative financial liabilities:</i>				
Trade and other payables	<u>3,302,400</u>	<u>3,302,400</u>	<u>958,593</u>	<u>2,343,807</u>

ST. JOHN AMBULANCE (PNG)
Notes to the financial statements
For the year ended 31 December 2019

19. Financial instruments (continued)

Capital management

The Council monitors the management of capital necessary to sustain future operations. Due to the high level of dependence on government grants and other donations, and the erratic nature of grants awarded, management and the Council continuously seeks alternative ways of contributing to income to replace funds not granted or donated. There were no changes in the Council's approach to capital management during the year. SJA is not subject to any externally-imposed capital requirements.

The Council has established the Finance Committee, responsible for providing financial analysis, advice, and oversight of the budget. Their sole responsibility is to ensure the organisation is operating with the financial resources it needs to provide programs and services to the community. The committee reports regularly to the Council on its activities.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect SJA's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(i) Foreign exchange risk

SJA is not exposed to foreign currency risk as inventory, assets and technical support from Australia is obtained by way of grants and donations.

(ii) Interest rate risk

There were no term deposits at year end with maturities greater than 3 months bearing interest rates (2018: Nil).

SJA does not account for any fixed rate financial assets at fair value through profit or loss, and SJA does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

(iii) Fair values versus carrying values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	Fair values		Carrying values	
	2019	2018	2019	2018
	K	K	K	K
Cash and cash equivalents	3,017,520	1,003,531	3,017,520	1,003,531
Trade and other receivables	1,841,420	766,575	1,841,420	766,575
Trade and other payables	(3,227,521)	(3,302,400)	(3,227,521)	(3,302,400)
	<u>1,631,419</u>	<u>(1,532,294)</u>	<u>1,631,419</u>	<u>(1,532,294)</u>

The carrying amount of cash and cash equivalent, trade and other receivables and trade and other payables approximate their fair values due to the relatively short-term nature of these financial instruments.

ST. JOHN AMBULANCE (PNG)
Notes to the financial statements
For the year ended 31 December 2019

19. Financial instruments (continued)

(c) Market risk (continued)

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

	Level 1	Level 2	Level 3	Total
31 December 2019				
Cash and cash equivalents	3,017,520	-	-	3,017,520
Trade and other receivables	-	-	1,841,420	1,841,420
Trade and other payables	-	-	(3,227,521)	(3,227,521)
	<u>3,017,520</u>	<u>-</u>	<u>(1,386,101)</u>	<u>1,631,419</u>
31 December 2018				
Cash and cash equivalents	1,003,531	-	-	1,003,531
Trade and other receivables	-	-	766,575	766,575
Trade and other payables	-	-	(3,302,400)	(3,302,400)
	<u>1,003,531</u>	<u>-</u>	<u>(2,535,825)</u>	<u>(1,532,294)</u>

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with SJA's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of SJA's operations. SJA's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to SJA's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

20. Subsequent events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of SJA, the results of those operations, or the state of affairs of SJA in future financial years.