



THE NATIONAL ST. JOHN COUNCIL OF PAPUA NEW GUINEA

Operating as

ST. JOHN AMBULANCE (PNG)

Annual Report

For the year ended 31 December 2023

ST. JOHN AMBULANCE (PNG)

Contents

Council information	1
Council report	2 - 3
Declaration by Members of the Council	4
Independent auditor's report	5 - 6
Statement of income and expenditure and other comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 30

ST. JOHN AMBULANCE (PNG)

Council information

The National St. John Council of Papua New Guinea, operating as St. John Ambulance (PNG), is a statutory corporation established under the St John Council Incorporation Act 1976.

Registered Office	St. John Ambulance (PNG) 702 Taurama Road 3 Mile, Port Moresby Papua New Guinea	
Members	Dame Jean L Kekedo, DBE, CSM, CSTJ - Chair Peter Lowing, CBE, OSTJ - Vice Chair Isikeli Taureka - Chair Ian Clough, OSTJ - Deputy Chair Lutz Heim, OSTJ - Treasurer David Manning, MBE, OSTJ, DPS, QPM - Representative : Constitutional Office Holder Dr Lynda Sirigoi - Member (Medical) Reg Monagi - Member (Business) Matthew Cooper - Member (Business) David Guinn, CSM, OBE, OAM - Member (Finance) Martin Milner - Member (Industry) Ivan Lu - Member (Industry) Elizabeth Genia - Member (Statutory authorities) Taimil Taylor - Member (Industry)	Retired March 2025 Retired February 2025 Effectived April 2025 Active Active Active Active Active Active Resigned May 2023 Joined in June 2024 Joined in February 2025
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 2023 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 surplus of K 2,623,414 (2021: K 6,775,248).

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.

Donations

No donations were made by SJA during the financial year (2022: 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

There were no other changes in accounting policies made during the financial year.

ST. JOHN AMBULANCE (PNG)

Council report (continued)

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 is 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 15th day of April 2025.

Signed in accordance with a resolution of the Council.



Mr Isikeli Taureka
Council Chairperson



Mr Lutz Heim
Council Member


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) in the Councils' opinion, the financial statements and notes, set out on pages 7 to 30 are in accordance with the St John Council Incorporation Act 1976 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 2023 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").

Dated at Port Moresby this 15th day of April 2025.

Signed in accordance with a resolution of the Council.



Mr Isikeli Taureka
Council Chairperson



Mr Lutz Heim
Council Member



Wau Accountants Business Consultants

INDEPENDENT AUDITOR'S REPORT

To the Members of The National St. John Council of Papua New Guinea, operating as St John Ambulance (PNG) ("SJA")

Opinion

We have audited the financial statements of National St. John Council of Papua New Guinea, operating as St John Ambulance (PNG) ("SJA"), which comprise the statement of financial position as at 31 December 2023, and the statement of financial performance and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The National St. John Council of Papua New Guinea, operating as St John Ambulance (PNG) as at 31 December 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of The National St. John Council of Papua New Guinea, operating as St John Ambulance (PNG) ("SJA") in accordance with the ethical requirements that are relevant to our audit of the financial statements in Papua New Guinea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

We have determined that there are no other key audit matters to communicate in our report.

Responsibilities of Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing SJA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate SJA or to cease operations, or has no realistic alternative but to do so.

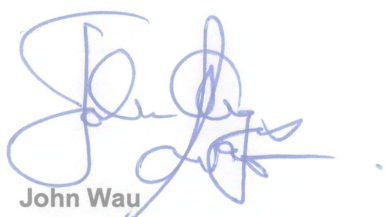
Those charged with governance are responsible for overseeing SJA's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Wau Accountants & Business Consultants



John Wau

Registered under the Accountants Act 1996
Partner, Chartered Accountants

Port Moresby, dated this 16th day of April 2025.

ST. JOHN AMBULANCE (PNG)**Statement of income and expenditure and other comprehensive income
For the year ended 31 December 2023**

	Note	2023 K	2022 K
Income			
Grants and donations		16,519,096	26,052,459
Commercial services income		7,777,339	2,983,975
	5	<u>24,296,434</u>	<u>29,036,434</u>
Other income			
Other income		293,050	(107,266)
	6	<u>293,050</u>	<u>(107,266)</u>
Expenditure			
Employee cost	7	(9,311,350)	(9,090,707)
Administrative and operating expenses	8	(9,863,990)	(10,591,314)
Lease interest expense		(43,630)	(60,413)
Depreciation expense	9 (a) , 9 (b)	(2,747,101)	(2,411,486)
		<u>(21,966,071)</u>	<u>(22,153,919)</u>
Surplus for the year		<u>2,623,414</u>	<u>6,775,248</u>
Income tax benefit / (expense)		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>2,623,414</u></u>	<u><u>6,775,248</u></u>

The notes on pages 11 to 29 are an integral part of these financial statements.

ST. JOHN AMBULANCE (PNG)
Statement of financial position
as at 31 December 2023

	Note	2023 K	2022 K
Assets			
Current assets			
Cash and cash equivalents	10	8,605,095	7,556,639
Trade and other receivables	11	4,461,756	3,360,066
Inventory	12	1,267,108	1,062,030
Total current assets		<u>14,333,959</u>	<u>11,978,735</u>
Non-current assets			
Property, plant and equipment	9 (a)	22,239,450	21,985,402
Right of use asset	9 (b)	175,536	325,996
Total non-current assets		<u>22,414,986</u>	<u>22,311,398</u>
Total assets		<u>36,748,945</u>	<u>34,290,133</u>
Current liabilities			
Trade and other payables	13	3,302,457	3,202,221
Employee benefits obligation	14	183,011	171,666
Lease liability	9 (c)	157,470	138,370
Total current liabilities		<u>3,642,938</u>	<u>3,512,257</u>
Non-current liabilities			
Employee benefits obligation	14	487,344	625,158
Lease liability	9 (c)	116,879	274,348
Total non-current liabilities		<u>604,223</u>	<u>899,506</u>
Total liabilities		<u>4,247,161</u>	<u>4,411,763</u>
Net assets		<u>32,501,784</u>	<u>29,878,370</u>
Equity			
Asset revaluation reserve	15	8,045,382	8,045,382
Retained surplus		24,456,402	21,832,988
Total shareholders' equity		<u>32,501,784</u>	<u>29,878,370</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 2023

	Note	Asset Revaluation Reserve K	Retained Surplus K	Total K
Balance as at 1 January 2022		8,045,382	15,115,591	23,160,973
Impact of IFRS 16 lease		-	(57,851)	(57,851)
Total comprehensive income for the year		-	6,775,248	6,775,248
Balance as at 31 December 2022		8,045,382	21,832,988	29,878,370
Total comprehensive income for the year		-	2,623,414	2,623,414
Balance as at 31 December 2023		<u>8,045,382</u>	<u>24,456,402</u>	<u>32,501,784</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 2023

	Note	2023 K	2022 K
Cash flows from operating activities			
Surplus for the year		2,623,414	6,775,248
Depreciation	9	2,747,101	2,411,486
Gain on disposal of assets			-
Loss on disposal of assets		(221,059)	219,296
Net movement in provisions		(126,469)	(22,072)
Net movement in trade and other receivables		(1,101,690)	3,088,969
Net movement in trade and other payables		100,236	(5,235,986)
Other movements		(343,451)	(461,218)
Net cash from operating activities		<u>3,678,082</u>	<u>6,775,723</u>
Cash flows from investing activities			
Payment for property, plant and equipment	9	(3,309,869)	(5,934,499)
Proceeds from disposal of property, plant and equipment		680,243	197,096
Net cash used in investing activities		<u>(2,629,626)</u>	<u>(5,737,403)</u>
Net increase in cash and cash equivalents		1,048,455	1,038,320
Cash and cash equivalents at the beginning of the year		<u>7,556,639</u>	<u>6,518,319</u>
Cash and cash equivalents at the end of the year	10	<u><u>8,605,095</u></u>	<u><u>7,556,639</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 2023

1. General information

The National St. John Council of Papua New Guinea (the "Council" or "SJA") is a statutory corporation established under the St John Council Incorporation Act 1976 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 St John Council Incorporation Act 1976.

(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 2023

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 notes 9 and 15;
- 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.

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).

(i) Grants and Donations

ST. JOHN AMBULANCE (PNG)

Notes to the financial statements

For the year ended 31 December 2023

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.

(ii) 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.

(iii) Other income

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

ST. JOHN AMBULANCE (PNG)
Notes to the financial statements
For the year ended 31 December 2023

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.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve. Decreases that offset previous increases of the same asset are charged against the related revaluation reserve directly in equity; all other decreases are charged to the statement of income and expenditure and other comprehensive income.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use. Purchased software that is integral to the functionality of the related equipment is recognised as part of that equipment.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve. Decreases that offset previous increases of the same asset are charged against the related revaluation reserve directly in equity; all other decreases are charged to the statement of income and expenditure and other comprehensive income. Cost includes expenditure that is directly attributed to the acquisition of the asset. The cost of the self-constructed assets includes the cost of materials and direct labour, any other costs directly attributed to bringing the assets to a working condition for their intended use. Purchased software that is integral to the functionality of the related equipment is recognized as part of that equipment. 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 income and expenditure and other comprehensive income.

ST. JOHN AMBULANCE (PNG)
Notes to the financial statements
For the year ended 31 December 2023

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 income and expenditure as incurred.

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 income and expenditure 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. Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

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) 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 2023

2. Summary of significant accounting policies (continued)

(f) 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 income and expenditure.

(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 2023.

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 income and expenditure. Any gain or loss on derecognition is recognised in income or expenditure.

ST. JOHN AMBULANCE (PNG)
Notes to the financial statements
For the year ended 31 December 2023

(f) 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 income or expenditure. 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 income and expenditure. Any gains or loss on derecognition is also recognised in income or expenditure.

(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 income or expenditure.

(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 2023

2. Summary of significant accounting policies (continued)

(g) 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 2023

2. Summary of significant accounting policies (continued)

(g) 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 2023

2. Summary of significant accounting policies (continued)

(g) 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 income or expenditure.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the landed cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(i) SJA as lessee

The SJA assesses whether a contract is, or contains, a lease at the inception of the contract. The SJA recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (leases with a lease term of 12 months or less) and leases of low-value assets (such as tablets, personal computers, small items of office furniture, and telephones). For these leases, the SJA recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

SJA leases properties to provide accommodation for employees, supporting operational needs and workforce welfare. These leases have an initial term of greater than 12 months, with renewal options available upon expiry. The lease term is considered to include renewal periods if the renewal option is reasonably certain to be exercised.

(i) Right-of-Use Assets

Right-of-use assets related to staff accommodation leases are initially measured at cost, which includes the present value of lease payments over the lease term, initial direct costs, and any restoration obligations. These assets are subsequently measured at cost less accumulated depreciation and impairment losses, if applicable.

ST. JOHN AMBULANCE (PNG)

Notes to the financial statements

For the year ended 31 December 2023

(ii) Lease Liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the SJA uses its incremental borrowing rate. The incremental borrowing rate depends on the term, currency, and start date of the lease and is determined based on a series of inputs, including:

- The risk-free rate based on government bond rates
- A country-specific risk adjustment
- A credit risk adjustment based on bond yields
- An entity-specific adjustment if the risk profile of the entity entering into the lease is different from that of the SJA

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

Lease liabilities are remeasured when there are lease modifications, changes in assumptions, or revised lease terms, including the renewal of leases.

3. Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 however there has been no material impact on St. John Ambulance (PNG). The Council has not applied or early adopted the following new or amended standards commencing 1 January 2023 in preparing these financial statements.

Amendments to IAS 1, effective on or after 1 January 2023

IFRS 17 Insurance Contracts

Insurance Contracts, effective on or after 1 January 2023

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.

4. 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. Financial statements have not been restated in the current year.