



*"Growing Our Future Better"*

**Financial and Private Sector Staff Savings &  
Loan Society Limited**

**Financial Statements**

**For the Year Ended 31 December 2024**

**FINANCIAL AND PRIVATE SECTOR STAFF SAVINGS & LOANS SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

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**FINANCIAL AND PRIVATE SECTOR STAFF SAVINGS & LOANS SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

**Directors' Report**

The directors present their annual report on the affairs of the Society including the financial statements for the year ended 31 December 2024.

**Principal Activities**

The nature of operations and principle activities of the Society during the year is maintaining membership of financial and private sector staff for the purpose of a Savings and Loans Society, processing member contributions and loans, and managing the investments of the Society.

There were no significant changes in the nature of the activities of the Society during the year.

**Result**

The profit after tax for the Society attributable to the members of Financial and Private Sector Staff Savings & Loans Society Ltd for the year was K890,417 (2023: K606,257).

**Payment to Members**

There was K451,409 additional interests paid out to the members by the Society in 2024 (2023: K302,218).

**Directors**

The Directors of the Society at the date of this report are listed on page 33. No Director had any material interest in any contract or arrangement with the Society or any related entity during the year ended 31 December 2024.

**Remuneration of Directors and Employee**

All directors, except the independent directors are members of the Society for the eligibility of being a director of the Society. No directors had any material interest in any contract or arrangement with the Society or any related entity during the year.

Details of directors and employees' expenses are presented in the statement of financial performance and the notes.

**Auditors**

Uma & Co Limited, Accountants, Auditors & Business Advisors was appointed as Auditors for the year ended 31 December 2024. Remuneration of the Auditors is showing in the note 3 to the financial statements.

For and on behalf of the board of directors



**Mr. Douna Vaname**  
Board Chairman/Director  
Dated: 31<sup>st</sup> March 2025



**Ms. Rose Kerua**  
Deputy Chairlady/Director  
Dated: 31<sup>st</sup> March 2025

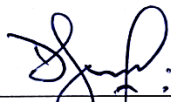
**FINANCIAL AND PRIVATE SECTOR STAFF SAVINGS & LOANS SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

**Directors' Declaration**

In the opinion of the directors of Financial and Private Sector Staff Savings & Loans Society ("the Society"), the financial statements are drawn up so as to give a true and fair view of:

the financial position of the Society as at 31 December 2024 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date in accordance with the statement of comprehensive and basis of preparation described in Note 1; and

complying with International Financial Reporting Standards adopted by ASB of Papua New Guinea, the Savings & Loans Societies Act 2015 and the Companies Act 1997 (amended 2014).



**Mr. Doung Vaname**  
Board Chairman/Director  
Dated: 31<sup>st</sup> March 2025



**Ms. Rose Kerua**  
Deputy Chairlady/Director  
Dated: 31<sup>st</sup> March 2025





# UMA & CO LIMITED

ACCOUNTANTS, AUDITORS, TAX AGENTS & BUSINESS ADVISORS

**POSTAL ADDRESS:**

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National Capital District  
Papua New Guinea  
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**REGISTERED OFFICE:**

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Port Moresby,  
National Capital District  
Papua New Guinea

## Independent Auditor's Report to the Members of FINANCIAL AND PRIVATE SECTOR STAFF SAVINGS & LOANS SOCIETY LIMITED

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial statements of Financial and Private Sector Staff Savings & Loans Society Limited (the "Society"), which comprises the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity 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 give a true and fair view of the Society's financial position as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, the Savings and Loan Societies Act 1995 (amended 2015) and the Companies Act 1997 (amended 2014).

#### Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Society in accordance with the auditor independence requirements of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

The directors are responsible for the other information. The other information comprises the declaration by directors for the year ended 31 December 2024, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Directors' Responsibilities for the Financial Report.**

The directors of the Society are responsible for the preparation of the financial statements that give a true and fair view in accordance with, the International Financial Reporting Standards, the Savings and Loan Societies Act 1995 (Amended 2015), and the Companies Act 1997 (amended 2014) and for such internal control as directors determine is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial report, directors are responsible for assessing the Society'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 the directors either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Report**

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 the International Standards on Auditing 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 this financial report.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

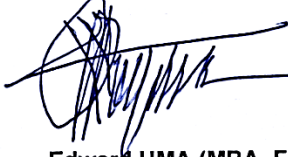
We communicate with management and the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with section 200 of the Companies Act 1997(amended 2014), in our opinion:

- (i) We obtained all information and explanations that were required; and
- (ii) Proper accounting records have been kept by the Society for the year ended 31 December 2024.

**Uma & Co Limited**



**EDWARD UMA (MBA, FCPA, TTA)**  
**REGISTERED COMPANY AUDITOR**  
Registered NO: 256

**Edward UMA (MBA, FCPA)**

Registered under the Accountants Act 1996

Port Moresby, Dated 31<sup>st</sup> day of March 2025

**FINANCIAL AND PRIVATE SECTOR STAFF SAVINGS & LOANS SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDING 31 DECEMBER 2024**

	Notes	2024 PGK	2023 PGK
<b>REVENUE</b>			
Interests Income		1,432,435	1,491,172
Fees & Charges		552,291	645,270
Dividends Income		209,790	240,781
Change in fair value of Investments		833,678	173,824
Other Income		9,117	14,936
<b>TOTAL INCOME</b>	<b>2</b>	<b>3,037,311</b>	<b>2,565,983</b>
<b>EXPENSES</b>			
Administrative expenses	3	421,591	412,365
Property Lease & other expenses	4	252,452	220,751
Finance expenses	5	215,475	202,925
Depreciation	16	69,260	44,598
Staff expenses	6	807,798	743,237
Management benefits	7	41,445	31,559
Board & Audit Committee expenses	8	212,992	183,666
Investment expenses	9	55,881	60,625
Impairment losses on loans to members	14	70,000	60,000
<b>TOTAL EXPENSES</b>		<b>2,146,894</b>	<b>1,959,726</b>
<b>PROFIT BEFORE INCOME TAX EXPENSE</b>		<b>890,417</b>	<b>606,257</b>
Income tax expense		-	-
<b>NET AFTER INCOME TAX EXPENSE</b>		<b>890,417</b>	<b>606,257</b>
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>890,417</b>	<b>606,257</b>

“The attached notes form an integral part of these financial statements “

**FINANCIAL AND PRIVATE SECTOR STAFF SAVINGS & LOANS SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDING 31 DECEMBER 2024**

	Notes	2024 PGK	2023 PGK
<b>ASSETS</b>			
Cash & Cash Equivalents	12	522,100	2,000,589
Government Debt Securities	15	2,274,135	2,312,455
Receivables	13	98,244	79,576
Net Member Loans	14	8,176,653	6,371,567
Investment at fair value through profit and loss	18	2,713,828	1,880,150
Right- to -Use Asset	17	396,800	9,240
Property, Plant & Equipment	16	205,470	95,771
<b>TOTAL ASSETS</b>		<b>14,387,230</b>	<b>12,749,348</b>
<b>LIABILITIES</b>			
Members Savings	21	9,898,581	9,107,735
Creditors & Accruals	19	79,286	73,987
Employee Provisions	20	101,002	90,353
Lease Liability	17	396,800	9,240
<b>TOTAL LIABILITIES</b>		<b>10,475,669</b>	<b>9,281,315</b>
<b>NET ASSETS</b>		<b>3,911,561</b>	<b>3,468,033</b>
<b>EQUITY</b>			
Members Capital	10	52,744	48,224
General Reserves	11	1,238,054	1,059,971
Retained Earnings		2,620,763	2,359,838
<b>NET EQUITY</b>		<b>3,911,561</b>	<b>3,468,033</b>

“The attached notes form an integral part of these financial statements”

**FINANCIAL AND PRIVATE SECTOR STAFF SAVINGS & LOANS SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDING 31 DECEMBER 2024**

Notes	Members Capital PGK	General Reserve PGK	Retained Earnings PGK	Total PGK
<b>BALANCE AS AT 01 JANUARY 2023</b>	<b>43,144</b>	<b>938,720</b>	<b>2,291,508</b>	<b>3,273,372</b>
Additional Interest Credited to members	-	-	(302,218)	(302,218)
Total Profit for the year	-	-	606,257	606,257
Additional Reserves taken up	-	121,251	(121,251)	-
Members Fees	5,080	-	-	5,080
Prior years adjustments	-	-	(114,458)	(114,458)
<b>BALANCE AS AT 31 DECEMBER 2023</b>	<b>48,224</b>	<b>1,059,971</b>	<b>2,359,838</b>	<b>3,468,033</b>
Additional Interest Credited to Members	-	-	(451,409)	(451,409)
Total Profit for the year	-	-	890,417	890,417
Additional Reserves taken up	-	178,083	(178,083)	-
Members Fees	4,520	-	-	4,520
<b>BALANCE AS AT 31 DECEMBER 2024</b>	<b>52,744</b>	<b>1,238,054</b>	<b>2,620,763</b>	<b>3,911,561</b>

“The attached notes form an integral part of these financial statements”



**FINANCIAL AND PRIVATE SECTOR STAFF SAVINGS & LOANS SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDING 31 DECEMBER 2024**

	Notes	2024 PGK	2023 PGK
<b>Cash flows from operating activities</b>			
Interest received on loans		1,172,535	1,491,172
Fees and charged received		552,291	645,270
Interest received on investments		259,900	383,804
Dividends received on investments		209,790	240,781
Net loan repaid		(856,598)	(292,752)
Payments to suppliers and employees		(1,969,314)	(1,614,233)
Rental and other income received		9,117	14,936
<b>Net cash generated from operating activities</b>		<u>(622,280)</u>	<u>868,978</u>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(200,122)	(21,163)
<b>Net cash flows generated from (used in) investing activities</b>		<u>(200,122)</u>	<u>(21,163)</u>
<b>Cash flows from financing activities</b>			
Net Contributions withdrawn by members		(656,087)	396,790
<b>Net cash used in financing activities</b>		<u>(656,087)</u>	<u>396,790</u>
Net increase/(decrease) in cash and cash equivalents		(1,478,489)	1,244,605
Cash and cash equivalents in the beginning		2,000,589	755,984
<b>Cash and cash equivalents at the end of the year</b>		<u>522,100</u>	<u>2,000,589</u>

**“The attached notes form an integral part of these financial statements”**

**FINANCIAL AND PRIVATE SECTOR STAFF SAVINGS & LOANS SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

**NOTES TO THE FINANCIAL STATEMENTS**

**Statement of Accounting Policies**

**Accounting policies**

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

**A (i) Basis of Accounting**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). They were authorized for issue by the Society's board of directors on 25th day of March, 2025.

All amounts are expressed in Kina unless otherwise stated. Fair value accounting is used for investments at fair value through profit and loss, investment properties and land and buildings. In all other cases, a historical cost basis of accounting is used. Revenues and expenses are brought to account on an accrual basis.

**Statement of Compliance**

The financial statements of the Society are general purpose financial statements which have been prepared in accordance with the accounting provisions of the International Financial Reporting Standards (IFRS), the Savings and Loans Societies Act 2015 and the Companies Act 1997(amended 2014). IFRS are standards and Interpretations adopted by the International Accounting Standards Board (IASB). The Society's application of IFRS and its Interpretations ensures that its financial statements comply with IFRS.

**Reporting**

The Financial & Private Sector Staff Savings and Loans Society Limited is domiciled in Papua New Guinea. The Society is limited by Guarantee.

**Functional Currency**

The financial statements are presented in the currency of Papua New Guinea, the Kina which is the Society's functional currency.

**A (ii) Critical Accounting Judgments and Key Sources of Estimation Uncertainty**

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

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

**Critical Judgments in Applying Accounting Policies**

The following are the critical judgments apart from those involving estimations (below) that the directors have made in the process of applying the Society's accounting policies and the most significant effect on the amounts recognized in the financial statements.

**Loan Provisions**

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of the provisions are included in note G.

**Investments in Government Bonds**

The directors have reviewed the Society's investments in government debt securities in the light of its capital maintenance and liquidity requirements and have confirmed the society's positive intention and ability to hold those assets to maturity.



**FINANCIAL AND PRIVATE SECTOR STAFF SAVINGS & LOANS SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

**NOTES TO THE FINANCIAL STATEMENTS**

**Statement of Accounting Policies (continued)**

Government debt securities are classified as loans and receivables due to lack of secondary market and quoted active market prices.

**Financial Assets at Quoted Shares and Securities**

Quoted and unquoted equity investments have been classified as fair value through profit and loss. Quoted price have been obtained from PNGSX Markets Limited.

**Key Sources of Estimation Uncertainty**

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

**Useful lives of Property, Plant and Equipment**

The society reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

**Going Concern Basis**

The financial statements have been prepared on a going concern basis which assumes that the Society will be able to meet its liabilities and obligations as and when they fall due in the normal course of business.

Information about critical judgment in applying accounting policies that have the most significant effect on the amounts recognized in the financial statement is included in the forming notes:

Funds received from members savings have been invested in long term investment opportunities, resulting in the apparent maturity mismatch. The savings are fully secured against loans to members (where members have taken out loans with the Society) as such those savings secured to loans cannot be fully withdrawn.

While member savings are at call, members are only allowed to withdraw portions of their net savings at any given time. Withdrawals have a wait period as applications are reviewed to ensure compliance with withdrawal policies. The Society has a strong balance sheet and management is confident that the Society will continue to meet its financial obligations as and when they fall due.

**B. Revenue Interest income**

Interest income and expense are recognized in the Statement of Comprehensive Income in an accrual basis using the effective interest method. The effective interest rate is the rate exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liabilities (or where appropriate, a shorter period) to the carrying amount of the financial asset of the liability. When calculating the effective interest rate, the Society estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees paid or received that are an integral part of effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income and expense presented in that statement of the profit or loss and other comprehensive income using the effective interest method include;

-interest on financial assets and financial liabilities measured at amortized cost calculated on effective interest basis.

**FINANCIAL AND PRIVATE SECTOR STAFF SAVINGS & LOANS SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

**NOTES TO THE FINANCIAL STATEMENTS**

**Statement of Accounting Policies (*continued*)**

**Fees and Commission**

Fees and commission income and expense that are integral to the effective interest rate on financial asset or financial liability are included in the measurement of the effective interest rate.

Other fees and commission income - including account servicing fees and sales commission are recognized as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fees are recognized on a straight-line basis over the commitment period.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

**Change in Fair Value of Financial Assets**

Change in fair value of financial assets comprises gains less losses related to trading assets and liabilities and includes all realized and unrealized fair value changes.

**Dividend Income**

Dividend income is recognized when the right to receive income is established, usually this is the ex-dividend date for the equity securities.

**C. Leases**

**Lease Payments - lease**

IFRS16. The standard requires lessees to recognize nearly all leases on the balance sheet which will reflect their right to use an asset for a period of time and the associated liability for payments. The right-of-use asset is a lessee's right to use an asset over the life of a lease. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of the interest on remaining balance of the liability.

**Lease Assets- lease**

The leased asset is initially measured at an amount equal to the lower of its fair value and present value of the minimum lease payments. Subsequent to the initial recognized, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Asset held under other leases are classified as operating leases and are not recognized in the statement of financial position.

**D. Tax Exemption**

The Society is exempt from income tax under section 40A of the Income Tax Act 1959.

**E. Financial Assets and Liabilities Recognition**

The Society initially recognizes loans and advances and deposits when and only when the Society becomes party to the contractual provisions of the instruments. All other financial instruments including regular way purchases and sales of financial assets are recognized on the date which is the date on which Society becomes a party to the contractual provisions of the instrument.

**FINANCIAL AND PRIVATE SECTOR STAFF SAVINGS & LOANS SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

**NOTES TO THE FINANCIAL STATEMENTS**

**Statement of Accounting Policies (continued)**

**Classification**

The Society classified its financial assets into the following categories;

- Fair value through profit and loss and within this category as designated at FVTPL and
- Amortized cost

The society classifies its financial liabilities as measured at amortized cost.

**De-recognition**

A financial asset is de-recognized when Society's contractual rights to the cash flows from the financial assets expires. This will occur when the rights are realized, expired or surrendered.

The Society also de-recognized financial assets when the Society transfers the contractual rights to receive the cash flows of the financial assets.

The Society de-recognize a financial liability when it is extinguished i.e.; when the obligation specified in the contract is discharged or cancelled or expired.

**Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount reported in the financial statement of financial Position when there is legally enforceable right to offset the recognized amounts and there is intention to settle on a net basis or realize the asset and settle the liability simultaneously.

**Initial Measurement**

Except for trade receivable, the Society at initial recognition measures a financial assets and liabilities at its fair value plus or minus, in the case of financial assets or financial liabilities and not at fair value through profit or loss, transactions costs that are directly attributable to the acquisitions or issue of the financial assets or financial liabilities.

**Subsequent Measurement**

After initial recognition, the Society measures its financial assets at fair value through profit and loss and financial liability at amortized costs.

**Amortized Cost Measurement**

The amortized cost of financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount minus reduction for impairment.

**Write-off**

An entity shall directly reduce gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a de-recognition event.

**Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants at the measurement date in the principal or in its absence the most advantageous market to which the Society has access at the date.

When available the Society measures the fair value of an instrument using the quoted price in an active market for the instrument. A market is regarded as active if transaction for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

**FINANCIAL AND PRIVATE SECTOR STAFF SAVINGS & LOANS SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

**NOTES TO THE FINANCIAL STATEMENTS**

**Statement of Accounting Policies (continued)**

If there is quoted price in an active market then the Society uses calculation techniques that maximize the use of relevant observable inputs and minimizes the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that the market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e., the fair value of the consideration given or received.

The Society recognizes transfers between the levels of the fair value hierarchy as of the end of the reporting period during which the change occurred.

**Identification and measurement of impairment**

At each reporting date, the Society's financial assets is 'impaired' when objective evidence demonstrates that a loss event has occurred after the initial recognition of these asset (s) and that the loss event has an impact on the future cash flow of the asset (s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- Significantly financial difficulty of the borrower or issuer, default or delinquency by a borrower.
- Indications that a borrower or issuer bankruptcy and the disappearance of an active market for security.

For an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

In making an assessment of whether an investment in sovereign debt is impaired, the Society considers the following:

- The market assessment of the credit worthiness of the issuer and security.
- The rating agencies assessments of the creditworthiness.
- The country's ability to access the capital market for new debt issuance.

**Recognition of expected credit losses**

Under the "expected credit loss" model, an entity calculates the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes. Because every loan and receivable carries with it some risk of default, every such asset has an expected loss attached to it from the moment of its origination or acquisition.

IFRS 9 establishes not one, but three separate approaches for measuring and recognizing expected credit losses:

- A general approach that applies to all loans and receivables not eligible for the other approaches;
- A simplified approach that is required for certain trade receivables and so-called "IFRS 15 contract assets" and otherwise optional for these assets and lease receivables.
- A "credit adjusted approach" that applies to loans that are credit impaired at initial recognition (e.g., loans acquired at a deep discount due to their credit risk).

**General Approach**

The Society adopted general approach for recognizing expected credit loss. An entity shall recognize a loss allowance for expected credit loss on a financial asset that is measured in for a lease receivable, a contract asset or a loan commitment and a financial guarantee.



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**Statement of Accounting Policies (*continued*)**

The Society applies the impairment requirements for the measurement and recognition of a loss allowance for financial assets that are measured at fair value through other comprehensive income. The loss allowance is recognized in other comprehensive income and does not reduce the financial asset in the statement of financial position.

At the reporting date, the credit risk on financial instrument has not increased significantly since initial recognition, an entity shall measure the loss allowance for the financial instrument at an amount equal to 12-months expected credit losses.

For loan commitments and financial guarantee contracts, the date that the entity becomes a party to the irrevocable commitment shall be considered to be the date of initial recognition for the purpose of applying the impairment requirements.

An entity shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversals) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized in accordance with the standard.

**Determining Significant Increase in Credit Risk**

At each reporting date, an entity shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, an entity shall use the change in the risk of a default occurring over the expected life of the financial instruments instead of the change in the amount of expected credit losses.

An entity may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instruments is determined to have low credit risk at the reporting date.

**Modified Financial Assets**

If the contractual cash flows on the financial assets have been renegotiated or modified and the financial asset was not derecognized, an entity shall assess whether there has been a significant increase in the credit risk of the financial instrument by comparing:

- a) the risk of default occurring at the reporting date (based on the modified contractual terms);
- b) the risk of default occurring at initial recognition (based on the original, unmodified contractual terms).

**Purchased or Originated Credit-impaired Financial Assets**

At the reporting date, an entity shall only recognize in profit or loss the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance for purchase or originated credit-impaired financial assets.

At each reporting date, an entity shall recognize in profit or loss the amount of the change in lifetime expected credit loss as an impairment gain or loss.

**Measurement of Expected Credit Loss**

An entity shall measure expected credit losses of a financial instruments in a way that reflects;

- a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- b) The time value of money; and
- c) Reasonable and supportable information that is available without undue cost or effort in the reporting date about past events, current conditions and future economic conditions.

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**Statement of Accounting Policies (*continued*)**

**Reversal of impairment and write-offs:**

The Society writes off a loan or an investment debt security either partially or in full and any related allowance for impairment losses, when the Society determines that there is no realistic prospect of recovery.

**Reclassification of Financial Assets**

If an entity reclassifies financial assets, it shall apply the reclassification prospectively from the reclassification date.

**Gains and Losses**

A gain or a loss on a financial asset or financial liability that is measured at fair value shall be recognized in profit or loss unless:

- a) It is part of a hedging relationship
- b) It is an investment in equity instrument and the entity has elected to present gain and losses on the investment in other comprehensive income
- c) It is a financial liability designated as a fair value through profit and loss and the entity is required to present the effect of changes in the liability's credit risk in other comprehensive income; and Dividends are recognized in profit or loss only when:
  - i. the entity's right to receive payment of the dividend is established
  - ii. it is probable that the economic benefit associated with the dividend will flow to the entity; and
  - iii. the amount of the dividend can be measured reliably.

**Investments in equity instruments**

At initial recognition an entity may make a revocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of this standard that is neither held for trading nor contingent consideration recognized by an acquire in a business combination to which IFRS 3 applies for the guidance on foreign exchange gains or losses.

**Liabilities designated as at fair value through profit or loss**

An entity shall present a gain or loss on a financial liability that is designated as at fair value through profit or loss as follows:

- a) The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented on other comprehensive, and
- b) the remaining amount of change in the fair value of the liability shall be presented in profit or loss unless the treatment of the effect of the changes in liability's credit risk described in (a) would create or enlarge an accounting mismatch in profit or loss and provide guidance on determining whether an accounting mismatch would be created or enlarged.

**Assets measured at fair value through other comprehensive income**

A gain or loss on a financial asset measured at fair value through other comprehensive income shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified.

**F. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, cash at bank, and other short-term highly liquid investments with initial maturities of less than three months.

Cash and cash equivalents are carried at amortized cost in the Statement of Financial Position.

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**NOTES TO THE FINANCIAL STATEMENTS**

**Statement of Accounting Policies (continued)**

**G. Loans and Advances**

Loans and advances are non-derivative financial assets with fixed or determine repayment terms that are not quoted in an active market and that the Society does not intend to sell immediately or in the near term.

Loans and advances are initially recognized at fair value plus incremental direct transaction costs and subsequently measured at their amortized cost using the effective interest method.

**H. Investment Securities**

Investment securities are accounted for in the following manners:

**Fair value through profit or loss:**

The Society designates some investment securities as at fair value, with fair value changes recognized immediately in profit or loss.

**At cost:**

Unquoted equity securities whose fair value cannot be measured reliable are carried at cost. Other fair value changes, other than impairment losses are recognized in OCI and presented in the fair value reserve within equity. When the investment is sold, the gain or loss accumulates in equity is classified to profit or loss.

**I. Recognition and Measurement:**

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. Any gain or loss on disposal of an item of property and equipment is recognized within other income in profit or loss.

**Subsequent Costs**

Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the Society. Ongoing repairs and maintenance are expensed as incurred.

**Depreciation**

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is recognized in the profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Society will obtain ownership by the end of the lease term. Land is not depreciated.

<b>Classes of Assets</b>	<b>Rate</b>
Office equipment	20%
Office Furniture and fittings	15%
Motor vehicles	20%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

**J. Investment Properties**

Investment property is initially measured at cost and subsequently at a fair value, with any change therein recognized in profit or loss within change in fair value of investment. When the use of property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

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**NOTES TO THE FINANCIAL STATEMENTS**

**Statement of Accounting Policies (continued)**

**K. Investment Property Rental Income**

Rental income from investment property is recognized on a straight-line basis over the term of lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of lease.

**L. Software**

Software acquired by the Society is measured at cost less accumulated amortization and any accumulated impairment losses. Expenditure on internally developed software is recognized as an asset when the Society is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development the capitalized costs if internally develop software include all costs directly attributable to developing the software and are amortized over its useful life. Internally developed software is stated at capitalized cost less accumulated amortization and any accumulated impairment losses. Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Software is amortized on a straight-line basis in profit or loss over its estimated useful life from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is 3-5 years at an amortization rate between 20 - 33%. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**Termination benefits:**

Termination benefits are expensed as at the earlier of when the Society can no longer withdraw the offer of those benefits and when the Society recognizes cost from a restructuring. If benefits are not expected to be wholly settled within 12 months of the reporting date, then they are discounted.

**Short term employee benefits**

Short term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Society has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**M. Reserves:**

The Society maintains the following equity positions:

General reserves/statutory reserve represents a statutory minimum of twenty percent (20%) of each year's profit.

If the reserve is greater than 10% of total liabilities then 20% of net earnings is not required to be transferred.

**N. Impairment of Non-Financial Assets**

At each reporting date, the Society reviews the carrying amount of its non-financial assets (other than investment properties and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

For impairment testing assets are grouped together into the smallest group of assets that generates cash flow from a continuing use that is largely independence of the cash inflows of other assets or CGU's. The recoverable amount' of an asset or CGU is the greater of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in the profit or loss. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization. If no impairment loss had been recognized.



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**NOTES TO THE FINANCIAL STATEMENTS**

**Statement of Accounting Policies (*continued*)**

**O. Deposits**

Deposits are initially measured at fair value minus incremental direct transaction costs and subsequently measured at their amortized cost using the effective interest method.

**P. Provisions**

A provision is recognized if, as a result of a past event, the Society has a legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

**Q. Employee Benefits Defined contribution plans**

Obligation for contributions to defined contribution plans are expensed as the related service is provided and recognized as personnel expenses in profit or loss. Prepaid contributions are recognized as an asset to the extent that a cash refund or reduction in future payments is available.

**Other long term employee benefits**

The Society's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value.

Re-measurements are recognized in profit or loss in the period in which they arise.

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**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

**NOTES TO THE FINANCIAL STATEMENTS**

	2024 PGK	2023 PGK
<b>2 Income</b>		
Interests	1,432,435	1,491,172
Fees & Fines	552,291	645,270
Dividends Received	209,790	240,781
Investment Income	833,678	173,824
Other Income	9,117	14,936
<b>Total Income</b>	<b>3,037,311</b>	<b>2,565,983</b>

Interest on loan to members earn an interest rate of 12% per annum (2023:12%). Debt securities, being government bonds and BSP quoted shares, earns an average of 11.5% per annum (2023:11.5%) ranging from 6 to 12%.

<b>3 Administrative and operational costs</b>		
Audit & Accounting Fees	16,500	20,959
Facts Keeping Fees	59,656	58,370
Advertisement & Promotion	77,577	55,525
Other Administration expenses	267,858	277,511
<b>Total Administrative and Operational costs</b>	<b>421,591</b>	<b>412,365</b>

Major component of administrative expenses is made up of; marketing & promotion costs, IT services costs, repairs & maintenance for fixed assets, stationery and office supplies and other small administrative expenses incurred during the year.

<b>4 Property Expenses - Admin</b>		
Lease	240,994	194,964
Water/Sewerage & Other Expenses	11,458	25,787
<b>Total Property Expenses</b>	<b>252,452</b>	<b>220,751</b>

Property Expenses are for rental for office spaces and property recharges for water/sewerage, parking space & gardens, security lights and other small recharges during the year.

<b>5 Finance Expenses</b>		
Interest to Members Savings	206,559	197,012
Bad Debts Recovery Costs	8,916	5,913
<b>Total Finance Expenses</b>	<b>215,475</b>	<b>202,925</b>

Interest charge on member accounts at 2% per annum (2023:2%). Inactive savings account does not earn an interest charge.

**FINANCIAL AND PRIVATE SECTOR STAFF SAVINGS & LOANS SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

**NOTES TO THE FINANCIAL STATEMENTS**

	2024	2023
	PGK	PGK
<b>6 Employee Costs</b>		
Salary & Wages	466,147	440,069
Staff Bonus	50,000	50,000
Superannuation	33,596	31,045
Other Employee costs	258,055	222,123
<b>Total Employee costs</b>	<b>807,798</b>	<b>743,237</b>

Salary and wages costs includes the housing allowances provided. Superannuation expense relates to the 8.4% employer component paid to the superannuation funds. Other employee costs comprise of staff Christmas party, annual leave expense, education and trainings costs and other small employee related costs during the year.

<b>7 Management Benefits</b>		
Telephone Allowance	1,200	960
Motor Vehicle Allowance	35,000	28,943
Fuel Allowance	4,295	1,656
Membership Allowance	950	-
<b>Total Management Benefits</b>	<b>41,445</b>	<b>31,559</b>

Management Benefits for the manager.

<b>8 Board &amp; Audit Committee Expenses</b>		
Board Fees	103,603	114,226
Audit Committee Allowances	38,899	15,400
Board Meeting Allowance	51,753	40,950
Strategic & Training Costs	18,737	13,090
<b>Total Board &amp; Audit committee Expenses</b>	<b>212,992</b>	<b>183,666</b>

Board fees are fees paid to the Board of Directors and Audit Committees. Others comprise of Board and the Audit Committees' meeting expenses such as venue hires, food and refreshments and training costs.

<b>9 Investment Expenses</b>		
Investment management Fees - BSP	17,561	16,736
Premium Amortization	38,320	43,889
<b>Total Investment Expenses</b>	<b>55,881</b>	<b>60,625</b>

Investment management fees are paid to BSP Capital for managing the BSP shares, Credit Corp shares and Government bond portfolio.

<b>10 Members Capital</b>		
Opening Balance	48,224	43,144
Increase in Membership	4,520	5,080
<b>Closing Balance</b>	<b>52,744</b>	<b>48,224</b>

The Society has 1,853 (2023: 1,733) members. Membership fee of K20 is collected for each member. The Society approved the disclosing of the Member Capital from 2024.

**FINANCIAL AND PRIVATE SECTOR STAFF SAVINGS & LOANS SOCIETY LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**

	2024 PGK	2023 PGK
<b>11 General Reserve</b>		
Opening Balances	1,059,971	938,720
Transfer from accumulated funds from retain earnings	178,083	121,251
<b>Closing Balance</b>	<b>1,238,054</b>	<b>1,059,971</b>

There is no requirement under the Act to make transfer to the general reserves. The General Reserves represents a statutory minimum of twenty percent (20%) of each year's net earnings before declaring interest on deposits and dividends. Money standing to the credit of the fund shall be invested in the same manner as other monies of the Society. However, application of the fund shall be for the purpose of bad loans or losses and shall not be used for any other purpose except on the winding up of the Society.

<b>12 Cash and Cash Equivalents</b>		
Members Account - BSP POM	(91,069)	75,167
Operations Account - BSP POM	2,138	30,281
Reserved Account	403,076	1,685,373
Debit Card	240	805
Interest Bearing Deposit	207,715	207,715
Cash on Hand (Petty Cash)	-	1,248
<b>Total cash and cash equivalents</b>	<b>522,100</b>	<b>2,000,589</b>

Cash assets are held in commercial bank accounts. Any term deposits with initial maturities of less than 3 months are classified as cash and cash equivalents.

<b>13 Receivables</b>		
Rental Bonds	45,180	29,500
Telephone Bond Fee	800	800
Router for Wireless	1,200	1,200
Accrued Income -INT income inscribed stock (BPNG)	33,026	33,026
Other Receivables - Prepayments	18,038	15,050
<b>Total Receivables</b>	<b>98,244</b>	<b>79,576</b>

Management have not identified any indicators of impairment associated with the receivables. Interest receivables on members loans are capitalised in members accounts as part of their Loan book balance.

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	2024 PGK	2023 PGK
<b>14 Members Loans</b>		
Gross	8,377,005	7,038,985
Provision for Doubtful Debts	(200,352)	(667,418)
<b>Net Members Loans</b>	<u>8,176,653</u>	<u>6,371,567</u>

Members are charged 12% per annum (2023:12%) on their outstanding loan balances. Interest receivables on members loans are capitalised into the member loan balance.

**Reconciliation of Provision for doubtful debts**

Opening Balance	(667,418)	(758,698)
Allowance for bad loans recorded in profit & loss	(70,000)	(60,000)
(Write backs & recoveries) / write offs	537,066	151,280
<b>Closing provisions balance</b>	<u>(200,352)</u>	<u>(667,418)</u>

The Society writes-off non-performing loans which are fully provided for in addition to the impairment on the remainder of the performing Loan Book. The Society may write-off financial assets when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The Society still seeks to recover amounts it is legally owned in full.

The assessment of the provision level is mainly driven by the value of the security, namely the member deposits and the days in arrears for contributions and loan repayments.

<b>15 Government Debt Security and Term Deposit</b>		
Inscribed Stock - BPNG	2,260,000	2,260,000
Premium Amortisation	14,135	52,455
<b>Closing GIS balance</b>	<u>2,274,135</u>	<u>2,312,455</u>

The average coupon earned on Government bonds is 12% per annum (2023: 12%), ranging from 6 to 12%. Coupons are paid on a 6 monthly basis. Government bonds have initial terms of maturities exceeding year.

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**NOTES TO THE FINANCIAL STATEMENTS**

**16 Property & Equipment and Investment Property**

	<b>Leasehold Building Improvement PGK</b>	<b>Motor Vehicle PGK</b>	<b>Office Equipment PGK</b>	<b>Office Furniture &amp; Fittings PGK</b>	<b>Total PGK</b>
<b>2023</b>					
<i>Cost</i>					
Historical Cost	13,106	108,000	93,309	20,230	234,646
Additions/Improvements	-	-	19,163	2,000	21,163.19
Adjustments & Disposal	-	-	-	-	-
	<b>13,106</b>	<b>108,000</b>	<b>112,473</b>	<b>22,230</b>	<b>255,809</b>
Opening WDV	7,449	58,726	45,911	7,119	140,367
Additions	-	-	-	-	-
Accum Depreciation					
<i>Opening Accum Dep</i>	5,658	49,273	47,398	13,111	115,440
Rates %					
Depreciation	2,621	21,600	18,594	1,783	44,598
<b>Total Accum. Depreciation</b>	<b>8,279</b>	<b>70,873</b>	<b>65,992</b>	<b>14,894</b>	<b>160,038</b>
<b>Net Book Value</b>	<b>4,827</b>	<b>37,127</b>	<b>46,481</b>	<b>7,336</b>	<b>95,771</b>
	<b>Leasehold Building Improvement PGK</b>	<b>Motor Vehicle PGK</b>	<b>Plant &amp; Office Equipment PGK</b>	<b>Office Furniture &amp; Fittings PGK</b>	<b>Total PGK</b>
<b>2024</b>					
<i>Cost</i>					
Historical Cost	13,106	108,000	93,309	20,230	234,645
Additions/Improvements	93,543	-	94,838	11,741	200,122
Adjustments & Disposal	-	-	-	-	-
	<b>106,649</b>	<b>108,000</b>	<b>188,147</b>	<b>31,971</b>	<b>434,767</b>
Opening WDV	98,371	37,127	141,318	19,077	295,893
Additions	-	-	-	-	-
<i>Accum Depreciation</i>					
Opening Accum Dep	8,279	70,873	65,992	14,894	160,038
Rates %					
Depreciation	11,663	22,408	13,534	21,655	69,260
<b>Total Accum. Depreciation</b>	<b>19,942</b>	<b>92,528</b>	<b>97,805</b>	<b>19,023</b>	<b>229,298</b>
<b>Net Book Value</b>	<b>86,708</b>	<b>15,472</b>	<b>90,343</b>	<b>12,948</b>	<b>205,470</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

	2024 PGK	2023 PGK
<b>17 Leases</b>		
Right of use asset and lease liability Outstanding Lease Term in Months Rate	28.34	0.66
Right of use asset and lease liability	14,000	14,000
<b>Closing Balance</b>	<b>396,800</b>	<b>9,240</b>
The old office space rate is K14,000 per month for three years. Twelve months' lease expired as at 31 October 2024. New office space rate is K12,800 per month for three years.		
<b>18 Investments at Fair Value Through Profit &amp; Loss</b>		
Share - BSP	1,479,250	1,479,250
Share - Credit Corp	129,927	129,927
Gain - Revaluation - BSP	1,008,250	233,250
Gain Share Revaluation - CCP	96,401	37,723
<b>Closing Balance</b>	<b>2,713,828</b>	<b>1,880,150</b>
<b>19 Payables</b>		
Salaries & Wages Tax	41,517	22,677
NASFUND Superannuation	-	(798)
Accrued Expenses	11,930	12,126
Provision for external Audit Fee	16,500	16,500
Suspense Account - General	-	931
Payroll Clearing Account	9,339	22,551
<b>Total Payables</b>	<b>79,286</b>	<b>73,987</b>
<b>20 Employee Provisions</b>		
<b>(a) Current</b>		
Opening Balance	20,862	15,560
Movement	(1,142)	5,302
<b>Closing Balance</b>	<b>19,720</b>	<b>20,862</b>
<b>(b) Non-Current</b>		
Opening Balance	69,491	59,705
Movement	11,791	9,786
<b>Closing Balance</b>	<b>81,282</b>	<b>69,491</b>
<b>Total Employees Provisions</b>	<b>101,002</b>	<b>90,353</b>
<b>21 Members Savings Deposits</b>		
General Savings Control	9,689,542	8,877,239
Inactive Savings Account	209,039	230,496
<b>Closing Balance</b>	<b>9,898,581</b>	<b>9,107,735</b>

Inactive savings accounts do not receive interest during the financial year. The Society has a lien on all members' savings and has a right to offset in respect of any debt due from a member.



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**22 Financial Instrument & Risk Management**

**Maximum credit risk and concentration of credit risk.**

Current management policy requires that all loans to be secured by restricting loans to the maximum of members' savings. In cases where loans are taken out on a 1:2 ratio, additional security maybe deemed necessary in accordance with Rules of the Society. The 3 in 1 product that was launched in 2018 requires all necessary documents to be provided and carefully reviewed before approving the loan due to the fact that loans are given out to members who do not have savings. The purpose of this product was to attract more members to join the Society.

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

	2024	2023
Notes	PGK	PGK
(a) <b>Asset Bearing Credit Risk</b>		
Cash and Cash Equivalents	314,385	1,792,874
Government Debt Securities	2,274,135	2,512,455
Receivables	98,244	79,576
Member Loans	8,176,653	6,371,567
Investment in Fair value through profit & losses	2,713,828	1,880,150
<b>Net cash generated from operating activities</b>	<b>13,577,245</b>	<b>12,636,622</b>

(b) **Liquidity risk**

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

The table below summaries the maturity profile of the Society's financial assets and liabilities as at 31 December 2024 based on contractual repayment obligations.



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**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

**NOTES TO THE FINANCIAL STATEMENTS**

**22 Financial instruments and risk management (continued)**

<b>Liquidity risk</b>	<b>Total PGK</b>	<b>At Call PGK</b>	<b>0-3-month PGK</b>	<b>3 mnths - 1 yr PGK</b>	<b>1- 5 Yrs PGK</b>
<b>2024</b>					
Cash and Cash Equivalents	314,385	314,385	-	-	-
Government Debts Securities	2,274,135	-	-	-	2,274,135
Receivables	98,244	-	98,244	-	-
Members Loans	8,176,653	-	-	-	8,176,653
Investment at fair value through Profit & Loss	2,713,828	-	-	2,713,828	-
<b>Total Undiscounted Cash Inflows</b>	<b>13,577,245</b>	<b>314,385</b>	<b>98,244</b>	<b>2,713,828</b>	<b>10,450,788</b>
Members Savings	9,898,581	9,898,581	-	-	-
Creditors and Accruals	79,286	-	79,286	-	-
Employee Provisions	101,001	-	-	101,001	-
<b>Total Undiscounted Cash Outflows</b>	<b>10,078,869</b>	<b>9,898,581</b>	<b>79,286</b>	<b>101,001</b>	<b>-</b>
<b>Net Exposure 2024</b>	<b>3,498,376</b>	<b>(9,584,197)</b>	<b>18,958</b>	<b>2,612,827</b>	<b>10,450,788</b>
<b>2023</b>					
Cash and Cash Equivalents	1,792,874	1,792,874	-	-	-
Government Debts Securities	2,512,455	-	-	-	2,512,455
Receivables	79,576	-	79,576	-	-
Members Loans	6,371,567	-	-	-	6,371,567
Investment at fair value through Profit & Loss	1,880,150	-	-	1,880,150	-
<b>Total Undiscounted Cash Inflows</b>	<b>12,636,622</b>	<b>1,792,874</b>	<b>79,576</b>	<b>1,880,150</b>	<b>8,884,022</b>
Members Savings	8,998,583	8,998,583	-	-	-
Creditors and Accruals	145,355	-	145,355	-	-
Employee Provisions	59,705	-	-	59,705	-
<b>Total Undiscounted Cash Outflows</b>	<b>9,203,643</b>	<b>8,998,583</b>	<b>145,355</b>	<b>59,705</b>	<b>-</b>
<b>Net Exposure 2023</b>	<b>3,432,979</b>	<b>(7,205,709)</b>	<b>65,779</b>	<b>1,820,445</b>	<b>8,884,022</b>

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**22 Financial instruments and risk management (continued)**

**Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At reporting date, the interest rate profile of the Society's interest-bearing financial instruments was:

		2024	2023
(c)	Notes	PGK	PGK
<b>Asset Bearing Interest Rate Risk</b>			
Government Debt Securities		2,274,135	2,512,455
Members Loans		8,176,653	6,371,567
<b>Total Asset Bearing Interest Rate Risk</b>		<b>10,450,788</b>	<b>8,884,022</b>
<b>Liabilities Bearing Interest Rates Risk</b>			
Members Savings		9,898,581	8,998,583
<b>Total Liabilities Bearing Interest Rates Risk</b>		<b>9,898,581</b>	<b>8,998,583</b>

**Other market price risk**

Other market price risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in market price (other than the interest rate risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market.

As the Society's financial instruments are carried at fair value with changes recognized in the statement of profit or loss and other comprehensive income, changes in market conditions affecting fair value will be recognized.

**(d) Sensitivity Analysis**

With all other variables held constant, the Society's exposure to share price risk is measured by sensitivity analysis. The table below demonstrate the effect on profit 5% change in fair value on financial instruments measured at fair value

	2024	2023
	PGK	PGK
plus 5% share in fair value	135,691	94,008
less 5% share in fair value	(135,691)	(94,008)
	-	-

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**22 Financial instruments and risk management (continued)**

**(e) Fair Value**

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

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

The table below demonstrates the Society's fair value hierarchy for financial instruments and investments assets measured at fair value.

Fair Value	2024			2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	2,713,828			1,880,150		

**23 IFRS 9 impact**

**(a) Impairment**

The Society's loan to members is secured, meaning loans are given out to members based on their savings. If a person defaults, there is savings which the Society can claim. However, there are two loans which are given out with credit loss associated with it. They are 3 in 1 loan and school fee loan.

**3 in 1 Loans**

The 3 in 1 loan are loans given especially to new members when they join. Since they are new, no savings is used as security. The maximum amount given is K5,000, but K3,750 is credited to the customer's account and the other K1,250 is used as initial savings for that new member. Therefore, the balance that has credit risk is the K3,750 that are credited to the new members' accounts.

**School Fee Loans**

School fee loans are given at the ratio 1:2, meaning that the 50% of the loan is unsecured. The 50% unsecured portion was used to calculate the future expected credit loss as required by the new IFRS 9.

$$ECL = EAD \times LGD \times PD$$

Where;

**ECL** = Expected Credit Loss **LGD** = Loss Given Default

**PD** = Probability of Default

**EAD** = **Variable EAD** is the amount of money that is invested in certain financial instrument that is exposed to credit risk.

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**23 IFRS 9 Impact (continued)**

	2024 PGK	2023 PGK
Loan Receivables	8,377,005	7,038,985
Interest is 12% per annum	1,005,241	844,678
<b>Total</b>	<b>9,382,246</b>	<b>7,883,663</b>

**LGD = Variable LGD is the share of a financial asset that we shall lose if a borrower defaults.**

	2024 PGK	2023 PGK
Total 3 in 1 loan given out	644,905	123,000
School Fee loan	400,542	415,957
<b>Total loans subject to credit risk</b>	<b>1,045,447</b>	<b>538,957</b>
Balance exposure to credit risk	1,045,447	538,957
Total Loan	9,382,246	7,883,663
<b>LGD</b>	<b>11%</b>	<b>7%</b>

**PD= Variable PD stands for likelihood of a default of a counterparty over an observed period**

The Society has a low credit risk; hence 12 months is the likelihood of default. Based on historical data and the rate in which a loan is defaulted for the Society is less than 5% (2023:5%), hence we will use 5% being higher as school fee loans are also considered. This is normally based on estimate using historical data.

	2024 PGK	2023 PGK
<b>ECL = EAD X LGD X PD</b>		
EAD	9,382,246	7,883,663
LGD	11%	7%
PD	5%	5%
<b>Therefore, the ECL is</b>	<b>52,272</b>	<b>26,948</b>

**Interpretation outline Result**

The Society has made K70,000 (2023: K60,000) additional provision during the year. This is K52,272 (2023: K26,948) higher than the estimated credited loss calculated. This is good for the Society as it has taken a more prudent approach.

**Other Financial Instruments**

**Loans to Members**

Loans to members are measured at amortized cost. Management has identified non-performing loan of K371,234 (2023: K686,610).

**Equity Shares**

IFRS 9 requires all equity investments to be measured at fair value through profit and loss. The default approach is for all changes in fair value to be recognized in profit or loss.

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**23 IFRS 9 Impact (continued)**

Shares	2024 PGK	2023 PGK
BSP	775,000	161,250
Credit Corp	58,678	12,574
<b>Total</b>	<b>833,678</b>	<b>173,824</b>

The PGK833,678 (2023: K173,824) has been correctly recognized in the statement of comprehensive income.

**Government inscribed stock**

Investments in Government securities are classified as loans and receivables and are accounted for at amortized cost.

	2024 PGK	2023 PGK
Government inscribed stock	2,260,000	2,260,000
<b>Total</b>	<b>2,260,000</b>	<b>2,260,000</b>

**Interpretation of the Result**

The movement was taken up in the statement of financial position.

**24 Employees**

The number of staff employed by the Society as at 31 December 2024 was 12 (2023:13).

**25 Retirement benefits**

The Society participates in the National Superannuation Fund of Papua New Guinea in respect of its national employees. Contributions during the year amounted to K33,596 (2023: K31,045).

**26 Related Party Transactions and Balances**

	2024 PGK	2023 PGK
Total deposits held	411,879	426,350
Total loans issued	(599,335)	(859,102)
<b>Net worth</b>	<b>(187,456)</b>	<b>(432,752)</b>

Member loans made to staff, directors and supervisory committee members in the ordinary course of business are in accordance with the Society's rules. The interest rate, security and repayment terms on these loans are consistent with the normal terms and extended to members who are not either directors or staff.

**27 Key Management Personnel Remuneration**

There was one (1) key management personnel whose salary is in the range of K50,000-K120,000 per annum (2023:2).

**28 Contingencies and Capital Commitments**

The Society has no contingent liabilities nor any capital commitments during the year (2023: nil).

**29 Subsequent Events**

There was no subsequent event identified during the year (2023: nil)

**FINANCIAL AND PRIVATE SECTOR STAFF SAVINGS & LOANS SOCIETY LIMITED**  
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**Company Information**

Financial and Private Sector Staff Savings & Loans Society Limited is a Registered Savings and Loans Society under the Papua New Guinea Savings and Loans Societies Act 2015 and Papua New Guinea Companies Act 1997 and is incorporated and domiciled in Papua New Guinea.

Registered office	Section 57, Allotment 4,5,6,7,8,9 & 10 Building 2, Unit 6 Gordons Business Centre, Gordons Port Moresby N.C.D Papua New Guinea
Directors	Mr. Douna Vaname (Chairman) Ms. Rose Kerua (Deputy Chairlady) Mrs. Mary Laimo (Treasurer) Mr. Taunao Vai (Independent) Ms. Geno Ila'ava (Independent)
Board Audit Committee	Ms. Agnes Arua Mrs. Kessie Mormor
Auditors	Uma & Co Limited Allotment 049, Section 145, Malolo Estate, 8 Mile Port Moresby North East Electorate N.C.D Papua New Guinea
Bankers	BSP Financial Group Limited