

***KUMUL CONSOLIDATED HOLDINGS OF
PAPUA NEW GUINEA***

*ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED 31 DECEMBER 2022*

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**KUMUL CONSOLIDATED HOLDINGS OF PAPUA NEW GUINEA
DIRETORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

In our opinion the accompanying Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows, together with the notes to and forming part of the above statements, have been properly drawn up so as to exhibit a true and fair view of the state of affairs of the Kumul Consolidated Holdings of Papua New Guinea ("the Corporation") as at 31 December 2022, and a true and fair view of the results of the Corporation's operations, changes in equity and cash flows for the period then ended. We are of the opinion that:

- a) The results of the Corporation's operations for the period have not been materially affected by items, transactions, or events of an abnormal character;
- b) No circumstances have arisen which would render any amount shown in the financial statements misleading or inappropriate;
- c) The current assets of the Corporation, including debtors, are expected to realise in the ordinary course of business at least the value at which they are shown in the financial statements;
- d) The fixed assets at the values shown in the statements, were in existence at 31 December 2022; and,
- e) All contingent liabilities which would materially affect the ability of the Corporation to meet its obligations as and when they become due have been disclosed in the statements or notes thereto.

The Board of Directors of the Kumul Consolidated Holdings during the financial year and since the end of the financial year were:

<u>Name</u>	<u>Position</u>
Professor David Kavanamur, Ph. D	Managing Director (incoming Oct 2021)
Isikeli R Taureka	Managing Director (outgoing Oct 2021)
Moses Maladina	Chairman (incoming Oct 2021)
Professor David Kavanamur, Ph. D	Chairman (outgoing Oct 2021)
Peter Aitsi, MBE	Chairman (outgoing Nov 2020)
Matthew May	Director (incoming Nov 2021)
Ian A. Tarutia, OBE	Director (incoming Nov 2020)
Dr Albert C. Mellam	Director (incoming Nov 2020)
Emma Waiwai	Director (incoming June 2020)
James Gore	Director (incoming Oct 2019)

For and on behalf of the Directors on the 7 day of September 2023.



Moses Maladina
Chairman of the Board



Professor David Kavanamur, Ph. D
Managing Director

KUMUL CONSOLIDATED HOLDINGS OF PAPUA NEW GUINEA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 K	2021 K
EXPENSES			
Employment expenses	4(iv)	20,747,443	21,834,363
General administration expenses	4(i)	26,786,944	28,746,433
Occupancy expenses	4(v)	1,483,855	818,674
Project costs	5	(55,129)	43,572,188
Directors' expenses	4(ii)	2,151,564	778,118
Ministry expenses	4(iii)	1,709,858	1,109,999
Foreign exchange (gains)		(125,267)	(14,626)
TOTAL EXPENSES		52,699,268	96,845,149
 ALLOCATIONS			
Allocations	3(i)	(107,330,696)	(54,503,942)
 Other expenses – net			
Other expenses – net	3(ii)	(715,616)	(3,208,599)
 NET GAIN (LOSS)		55,347,044	(39,132,608)

This statement of comprehensive income should be read in conjunction with the accompanying notes.



KUMUL CONSOLIDATED HOLDINGS OF PAPUA NEW GUINEA
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 K	2021 K
CURRENT ASSETS			
Cash	6	34,543,601	4,033,161
Trade and Other Receivables	7	4,853,445	3,551,166
Related Party Receivables	8(i)	5,494,188	8,928
TOTAL CURRENT ASSETS		44,891,234	7,593,255
NON-CURRENT ASSETS			
Property and Equipment	9	14,063,827	10,128,164
TOTAL ASSETS		58,955,061	17,721,419
CURRENT LIABILITIES			
Trade and Other Payables	10	10,129,563	18,737,509
Related Party Payables	8(ii)	4,384,413	14,384,413
Provisions	12	1,490,100	1,184,896
Lease liabilities	11	3,725,352	2,264,679
TOTAL CURRENT LIABILITIES		19,729,428	36,571,497
NON-CURRENT LIABILITIES			
Provisions	12	1,752,863	1,116,349
Lease liabilities	11	2,092,153	-
TOTAL NON-CURRENT LIABILITIES		3,845,016	1,116,349
TOTAL LIABILITIES		23,574,444	37,687,846
NET ASSETS		35,380,617	(19,966,427)
EQUITY			
Capital		27,397,705	27,397,705
Working Capital Fund		7,982,912	(47,364,132)
NET EQUITY		35,380,617	(19,966,427)

This statement of financial position should be read in conjunction with the accompanying notes.



**KUMUL CONSOLIDATED HOLDINGS OF PAPUA NEW GUINEA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Capital K	Working Capital Fund K	Total K
Balance as at 1 January 2021	27,397,705	(8,231,524)	19,166,181
Net loss	–	(39,132,608)	(39,132,608)
Balance as at 31 December 2021	27,397,705	(47,364,132)	(19,966,427)
Net gain	–	55,347,044	55,347,044
Balance as at 31 December 2022	27,397,705	7,982,912	35,380,617

This statement of changes in equity should be read in conjunction with the accompanying notes.



KUMUL CONSOLIDATED HOLDINGS OF PAPUA NEW GUINEA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 K	2021 K
Cash flows from operating activities			
Cash receipts from Trust	3	102,677,918	54,503,942
Cash payments to vendors and employees		<u>(66,096,415)</u>	<u>(74,432,176)</u>
Net cash generated from (used in) operating activities		<u>36,581,503</u>	<u>(19,928,234)</u>
Cash flows from investing activities			
Purchase of property and equipment		(2,333,429)	(3,099,364)
Proceeds from sale/disposal of property		854,408	101,907
Payments on behalf of related parties	8(i)	(832,482)	(8,928)
Receipts from the Trust for reimbursements		<u>-</u>	<u>28,178,283</u>
Net cash (used in) generated from investing activities		<u>(2,311,503)</u>	<u>25,171,898</u>
Cash flows from financing activities			
Payment of principal on leases		(3,443,980)	(3,547,955)
Payment of interest on leases	3 (ii)	<u>(315,580)</u>	<u>(295,558)</u>
Net cash used in financing activities		<u>(3,759,560)</u>	<u>(3,843,513)</u>
Net increase in cash		30,510,440	1,400,151
Cash at the beginning of the year	6	<u>4,033,161</u>	<u>2,633,010</u>
Cash at the end of the year	6	<u>34,543,601</u>	<u>4,033,161</u>

This statement of cash flows should be read in conjunction with the accompanying notes.



KUMUL CONSOLIDATED HOLDINGS OF PAPUA NEW GUINEA

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL

The Kumul Consolidated Holdings of Papua New Guinea ("the Corporation") was established under the Kumul Consolidated Holdings of Papua New Guinea Act 2002 ("KCH Act 2002") on 20 June 2002 and amended in 2015. The objective of the establishment of the Corporation is to:

- Hold certain assets including interests in business enterprises as trustee for the benefit of the State;
- Succeed to the assets and liabilities of the Privatisation Commission as from the succession date of 30 June 2002;
- Act as trustee of other prescribed trusts; and
- Other related purposes

The core responsibility of the Corporation is the administration of various state-owned assets, which are vested in the Corporation as trustee for the General Business Trust ("GBT"). The General Business Trust was established under the KCH Act 2002 (Amended 2021) and appointed as Trustee of the Trust, and all monies belonging to the Trust shall be vested or dealt with by the KCH in accordance with the KCH Act 2002 (Amended 2021).

The core responsibility of the Corporation is administration of various state-owned assets, which are vested in the Corporation as trustee for General Business Trust. The Corporation will manage the General Business Trust and incur related expenses. Expenses of the Corporation will be funded through a budgetary allocation from the General Business Trust, in accordance with Section 9 (3) and Section 35 of the KCH Act 2002 (Amended 2021).

The registered office address of the Corporation is P.O. Box 320, Port Moresby Papua New Guinea.

The financial statements were authorised for issue in accordance with a resolution of the directors on _____.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in preparation of the Corporation's financial statements are set out below. These policies have been constantly applied to all the years presented, unless otherwise stated.

a) Statement of Compliance

Pursuant to Section 43 (2) of the KCH Act 2002 (Amended 2021), financial statements shall be in the form, and in accordance with principles generally applied in commercial practice. These policies have been consistently applied to all the years presented, unless otherwise stated. Any deviations from IFRS have also been stated in the following notes to the financial statements.



**KUMUL CONSOLIDATED HOLDINGS OF PAPUA NEW GUINEA
NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

b) Basis of Preparation

The financial statements have been prepared on the historical cost convention and on a going concern basis.

The financial statements are presented in Papua New Guinea Kina (PGK), and all values are rounded to the nearest PGK, except where otherwise indicated. The financial statements provide comparative information in respect of the previous period.

Going Concern

As at 31 December 2022, the Corporation was in a net current asset position of K25.2 million (2021: K28.9 million net current liability position) and has recognised current year gain of K55.3 million (2021: net loss of K39.1 million) respectively. Notwithstanding this, the financial statements have been prepared on a going concern basis due to allocations received by KCH from General Business Trust ('GBT') for the year ended 31 December 2022 amounting to K102.6 million.

b.1) New and amended standards and interpretations adopted during the year

The accounting policies adopted are consistent with those of the previous financial year, except in the current year, the Corporation adopted all new and revised IFRS, amendments to existing International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) Interpretation that are effective for annual periods beginning on or after 1 January 2022.

Description	Effective for annual periods beginning on or after
IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	1 January 2022
IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	1 January 2022
Covid-19-Related Rent Concessions beyond 30 June 2022 – Amendment to IFRS 16	1 April 2022
Reference to the Conceptual Framework – Amendments to IFRS 3 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
IAS 41 Agriculture – Taxation in fair value measurements	1 January 2022



**KUMUL CONSOLIDATED HOLDINGS OF PAPUA NEW GUINEA
NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Corporation. The Corporation intends to use the practical expedients in future periods if they become applicable.

The above amendments and interpretations apply for the first time in 2022, but do not have a material impact on the Corporation's Financial Statements.

c) Significant Accounting Policies and Disclosures

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held to-maturity investments, available-for-sale (AFS) financial assets, or derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets in a timeframe established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date at which the Corporation commits to purchase or sell the asset.

The Corporation financial assets include cash and cash equivalents and trade and other receivables.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified into four categories:

- a. Financial assets at fair value through profit or loss
- b. Loans and receivables
- c. Held-to-maturity investments
- d. AFS financial investments

Loans and receivables

This category is the most relevant to the Corporation. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the statement of profit or loss and other comprehensive income. The losses arising from impairment are recognised in the



**KUMUL CONSOLIDATED HOLDINGS OF PAPUA NEW GUINEA
NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

statement of profit or loss and other comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables.

Impairment of financial assets

The Corporation assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a Parent entity of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments; the probability that they will enter bankruptcy or other financial reorganisation; and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

d) Financial instruments – initial recognition and subsequent measurement (continued)

d.1) Financial Assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Corporation first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Corporation determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced using an allowance account, and the loss is recognised in profit or loss. Interest income (recorded as finance income in the statement of profit or loss and other comprehensive income) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery, and all collateral has been realised or has been transferred to the Corporation. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account, if a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss and other comprehensive income.

d.2) Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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**KUMUL CONSOLIDATED HOLDINGS OF PAPUA NEW GUINEA
NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Corporation's financial liabilities include trade and other payables.

e) Cash

Cash in the statement of financial position comprise cash at banks and on hand.

f) Property and Equipment

Property and equipment is depreciated or amortised over their estimated useful lives. The reducing balance method of depreciation is used.

The depreciation rates used are as follows:

	Useful Years	Life	Depreciation Rate
Office equipment	5		11.25% - 30%
Furniture and fittings	7		11.25% - 30%
Motor vehicles	3-5		20% - 30%
Leasehold improvements	Shorter between the remaining life of lease term or useful life of the asset		

The assets' residual values, useful lives and depreciation and amortization methods are reviewed periodically, and adjusted, if appropriate, at reporting sheet date, to ensure that the useful lives and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the period the asset is derecognized.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is recognized in the statement of comprehensive income.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged against current operations.

g) Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

h) Leases

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Corporation assesses whether:



**KUMUL CONSOLIDATED HOLDINGS OF PAPUA NEW GUINEA
NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

- the contract involves the use of an identified asset- this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Corporation has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and,
- the Corporation has the right to direct the use of the asset. The Corporation has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Corporation has the right to direct the use of the asset if either:
 - the Corporation has the right to operate the asset; or,
 - the Corporation designed the asset in a way that predetermines how and for what purpose it will be used.

As a lessee

The Corporation recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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 interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Corporation is reasonably certain to exercise, lease payments in an optional renewal period if the Corporation is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Corporation is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension, or termination option.



**KUMUL CONSOLIDATED HOLDINGS OF PAPUA NEW GUINEA
NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

As a lessor

When the Corporation acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Corporation makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Corporation considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

The Corporation recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of revenue from leases.

The accounting policies applicable to the Corporation as a lessor in the comparative period were not different from IFRS 16. However, when the Corporation was an intermediate lessor, the sub-leases were classified with reference to the underlying asset.

i) Employee Benefits

A liability is recognised for benefits accruing to employees in respect of salaries and wages, annual leave, long service leave and staff incentives when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Corporation in respect of services provided by employees up to reporting date. Contributions to defined contribution superannuation plans are expensed when incurred.

j) Foreign Currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

k) Income Tax

Pursuant to Section 46 (1) of the KCH Act 2002 (Amended 2021), the Corporation is not liable to pay taxes, duties, fees, charges, rates, excise, or other impost of any kind charged or imposed under any law except for legislation enacted by the National Parliament specifically to amend or repeal this section. The transfer to or vesting in the Corporation of any assets and liabilities, is also not liable for any taxes, duties, fees, charges, rates, excise, or other impost of any kind charged or imposed under any law except for legislation enacted by the National Parliament specifically to amend or repeal this section.



**KUMUL CONSOLIDATED HOLDINGS OF PAPUA NEW GUINEA
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l) Goods and Services Tax

The KCH Act of 2002 (Amended 2021), entitles KCH a zero-rate Goods and Services Tax (GST) provision for all expenses and assets incurred in its operations as granted – S.127 of the GST Act 2003. Incurred GST is recoverable from the Internal Revenue Commission in the form of GST refunds.

m) Provisions

Provisions are recognised when the Corporation has a present obligation, the future sacrifice of economic benefits is probable, and the amount of provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that the recovery will be received, and the amount of the receivable can be measured reliably.

n) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Corporation's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Corporation has identified the following areas where significant judgments, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements.

Judgments

In the process of applying the Corporation accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

Operating lease commitments – Corporation as lessee

The Corporation has entered into commercial property leases on its administrative office locations and housing of its employees. The Corporation has determined that the significant risks and rewards of ownership of these properties are retained by the lessor, and therefore, the Corporation accounts for these leases as operating lease.



**KUMUL CONSOLIDATED HOLDINGS OF PAPUA NEW GUINEA
NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are describe below. The Corporation based its assumptions and estimates on parameters available when the financial statements were prepared and existing circumstances arising beyond the control of the Corporation. Such changes are reflected in the assumption when they occur.

Estimating allowance for doubtful accounts

The Corporation estimates allowance for doubtful accounts based on factors considered such as payment history, past-due status, and term. The methodology and assumptions used for the assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year.

Estimating useful lives of property and equipment

The Corporation reviews on an annual basis the estimated useful lives of property and equipment based on expected asset utilization as anchored on business plans and strategies that also consider expected future technological developments and market behavior. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property and equipment would increase the recorded depreciation and amortization expense and decrease noncurrent assets.

Contingencies

The Corporation is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Corporation does not believe these proceedings will have a material effect on its statement of financial position. It is possible, however that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

3. REVENUE

(i) ALLOCATIONS

	2022 K	2021 K
Reimbursement of costs	<u>107,330,696</u>	<u>54,503,942</u>

Allocations paid by the Trust in 2022 amounted to K102.6 million and ,6 million yet to be received, refer to note 8(i) (2021: K54.5 million). Of this amount nil was paid during the year for the purpose of the Trust's capital project (2021: Nil). Monies received from the Trust and paid for on-going project development cost, operational cost and revenue expenditure have been expensed during the year.

The core responsibility of the Corporation is administration of various state-owned assets, which are vested in the Corporation as trustee for General Business Trust. The Corporation will manage the General Business Trust and incur related expenses. Expenses of the Corporation will be funded through a budgetary allocation from the General Business Trust, in accordance with Section 9 (3) (d) and Section 35 of the KCH Act 2002 (Amended 2021).



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(ii) OTHER EXPENSE - net

	2022 K	2021 K
Interest expense (Note 11)	(315,580)	(295,558)
Bad debts recovered	366,284	560,944
Gain/(loss) on asset disposal	(49,805)	109,223
Rental income	480,011	487,936
Interest income	14,644	4,959
Other income	220,062	2,341,095
	715,616	3,208,599

- Interest expense of K315,580 (2021: K295,558) relates to the interest on lease liability for the lease of office space;
- Rental income of K480,011 (2021: K487,936) mainly consists of income from car park rentals from Pacific Palms Property and billboard rentals by Cre8ive Media PNG Ltd; and
- Other income in 2022 mainly relates to the expense forgiven amount for the staff housing of K217,250. Other income in 2021 relates to the write back of excess bonus accruals of K2.3 million after staff bonus payment of K1.9 million paid in 2021 relating to years from 2016 to 2020.

4. EXPENSES

	2022 K	2021 K
4(i) GENERAL ADMINISTRATION EXPENSES		
Consultancy (i)	10,014,464	11,943,432
Donations (ii)	4,427,073	6,440,722
Depreciation	5,396,987	5,621,685
Professional fee (iii)	594,267	789,114
Audit fees (iv)	1,460,602	1,639,601
Insurance	611,681	412,337
Advertising and media	374,329	299,893
Internet	451,300	291,371
Repair and maintenance	70,446	276,913
Travel and accommodation	896,100	193,802
Legal fees (v)	740,498	191,848
Landline cost	142,662	89,382
Bank charges	183,882	5,849
Other admin costs (vi)	1,422,653	550,484
	26,786,944	28,746,433

- Consultancy fees of K10.0 million (2021: K11.9 million) relates to ADB led State Owned Enterprises reform costs of K3.2 million (2021: K11.08), project development costs of K6.1 million (2021: K0.4 million) and other consultancy fees K0.7 million (2021: K0.4 million);
- Donations of K4.0 million (2021: K6.4 million) relates to funding assistance to St John Ambulance K1.0 million (2021: K1.0 million), PNG Olympics of K1.0 million (2021: K1.0 million); and K2.0 million Niule No.12 Limited for the community water project in Wapenamada, Enga Province. In 2021, K4.4 million was also donated to National Covid19 Centre.
- Professional Fees of K594,267 (2021: K789,114) relates to the ongoing whistle-blower policy services provided by Ernst & Young and SOE Board of Directors recruitment.
- Audit Fees of K1.4 million (2021: K1.6 million) relates to audit and fair valuation fees of investments in State Owned Enterprises and properties, cloud migration application management services fees for Technology One;
- Legal Fees of K740,498 (2021: K191,848) relates to legal fees for the Pom Port extension by Ashurst of K230,228 and Goodwin Bidar Nutley of K510,270 for general legal bills; and,



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- vi. Other admin costs of K1.4 million (2021: K550,484) relate to insurance premium covers, software licensing, maintenance and motor vehicle expense.

4 (ii) DIRECTORS' EXPENSES

Board committee members fees (i)	2,052,617	743,900
Board members Travel (domestic)	29,707	34,218
Board members travel (overseas)	69,240	-
	2,151,564	778,118

- i. Board committee members fees increased in 2022 based on an independent salary benchmarking survey undertaken by Deloitte in 2021 and maintained best practice corporate governance skill sets to encourage high performance standards at the board level.

4 (iii) MINISTRY EXPENSES

Sponsorship and donations	3,900	48,581
Depreciation	433,083	233,113
Loss on sale of assets (motor vehicle)	-	6,294
Travel and accommodation	681,769	373,417
Motor vehicle running costs	124,527	85,815
Other administrative cost	240,828	164,012
Office rental	75,699	56,871
Casual wages	3,701	400
Office stationery	24,712	24,154
IT Cost	38,060	28,356
Telephone (landline/mobile)	15,818	16,768
Media costs	65,501	54,571
Repairs and maintenance	2,260	17,647
	1,709,858	1,109,999

4 (iv) EMPLOYMENT EXPENSES

Salary and wages	12,439,103	14,215,525
Accommodation	2,408,546	1,800,581
Bonus accrual	1,709,125	1,717,599
Superannuation	1,756,687	1,632,546
Employment expenses (i)	1,110,690	1,140,546
Annual leave	303,828	648,976
Long service leave	639,376	504,389
Club and professional membership	95,872	63,819
Training and development	283,005	89,257
Other employee entitlements	1,211	21,125
	20,747,443	21,834,363

- i. Employment expense of K1.1 million (2021: K1.1 million) relates to all staff related cost for school fees, staff accidental and insurance premium cover.

4 (v) OCCUPANCY EXPENSES

Utilities and other service charges	1,483,855	818,674
	1,483,855	818,674

- i. Utilities and other service charges of K1,483,855 (2021: K818,674) is due to an annual 5% increase in consumer price index on the office rental from 1 July 2022.



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5. PROJECT COSTS

Project costs include professional, legal, and consulting fees and other disbursements aid for the following entities or projects:

	2022 K	2021 K
Hydropower project (i)	131,385	37,279,767
Port Moresby Harbour Waterfront Development	(298,515)	3,503,833
Kumul Shipping Corporation	-	2,414,894
Dylup Plantation	1,064	125,737
Water PNG & Eda Ranu merger	-	109,600
Property Portfolio	65,956	93,287
Cape Rodney Rubber plantation	36,973	42,115
Palm Oil Venture	7,861	-
Coffee Development	-	2,058
Energy projects	147	897
	<u>(55,129)</u>	<u>43,572,188</u>

- i. The hydropower project cost of K131,385 (2021: K37.2 million) relates to various renewable projects to improve the access of Papua New Guineans to electric power with its intension to focus on sustainable and renewable methodologies such as hydropower, solar and geothermal.

6. CASH AND CASH EQUIVALENTS

	2022 K	2021 K
Cash at bank (i)	34,497,403	3,962,338
Cash on hand	9,971	10,998
Visa debit cards	36,227	59,825
	<u>34,543,601</u>	<u>4,033,161</u>

7. TRADE AND OTHER RECEIVABLES

	2022 K	2021 K
Trade debtors (i)	1,281,283	738,819
Other debtors (ii)	1,891,688	1,836,991
Allowance for doubtful debts	(717,700)	(638,724)
	2,455,271	1,937,086
Prepayments	2,398,174	1,614,080
	<u>4,853,445</u>	<u>3,551,166</u>

- (i) Trade debtors of K1,281,283 (2021: K 738,819) relate to :
- o Pacific Palms Property for carpark rentals of K50,001 (2021: K25,001); .
 - o Cre8ive Media PNG Limited of K91,500 (2021: K86,000) for the billboard rentals.
 - o PNG Power Limited of K541,062 (2021: K541,062) for the software license and services in relation to PNG Electrification Commissions.
 - o Post PNG Limited of K35,136 (2021: Nil) recharge for use of the shed at the Pom Port Precinct.
 - o KCH staff loans of K563,584 (2021: K86,756) for the staff home ownership scheme advances.
- (ii) Other debtors of K1.8 million (2021: K1.8 million) relate to GST receivables and rental bonds for the office space and senior staff accommodation.



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8. TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or parties are subject to common control. Related Parties may be individuals or corporate entities. The Corporation believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

The Corporation, in the normal course of business, carries out transactions with other business enterprises that fall within the definition of a related party contained in International Accounting Standard 24, *Related Party Disclosures*. The Corporation believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

(i) Related Party Receivables	2022 K	2021 K
General Business Trust (i)	4,652,778	-
PNG Power Limited (ii)	541,062	541,062
Air Niugini Limited (iii)	-	400,000
Post PNG Limited (iv)	-	8,928
Kumul Technology Development Corporation Ltd (v)	841,410	-
	6,035,250	949,990
Less: Provision for impairment losses (Note 3(ii))	(541,062)	(941,062)
TOTAL	5,494,188	8,928

- The receivable relates to the outstanding budgetary allocations from General Business Trust;
- The advance relates to payments made by KCH on behalf of PNG Power Limited for the strategic workshop fees of K43,501 and Gentrack payments of K497,561 for software license and services in relation to the PNG Electrification Commission;
- The SOE funding cost paid by KCH to National Airport Corporation (NAC) on behalf of Air Niugini Limited were written off in 2022;
- This balance represents security recharges for the usage of the shed at the Pom Port Precinct; and,
- This relates to land rentals owing to Department of Lands and Physical Planning for the 38 Lots of vacant land at 3 Mile.

(ii) Related Party Payables

	2022 K	2021 K
NICTA/Telikom (i)	4,384,413	4,384,413
General Business Trust	-	10,000,000
TOTAL	4,384,413	14,384,413

- KCH owes K4.3 million (2021: K4.3 million) to NICTA, Telikom and Post PNG Ltd which relate to funds received and held in trust pending finalisation of investigation into the disposal process of the Gabaka land.



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9. PROPERTY AND EQUIPMENT

	Leasehold improvements K	Furniture & fittings K	Office equipment K	Motor vehicles K	Equipment K	Right-of-use asset K	Work in progress K	Total K
AT COST								
Balance at 1 January 2022	9,487,591	846,968	6,412,103	3,713,454	56,507	12,964,345	809,777	34,290,745
Additions	93,085	42,933	360,047	1,836,787	580	7,823,241	99,306	10,255,979
Disposal	-	-	(121,338)	-	-	(221,043)	(35,016)	(377,397)
Adjustment	-	(1,133)	(38,885)	(323,070)	-	-	-	(363,088)
Balance at 31 December 2022	9,580,676	888,768	6,611,927	5,227,171	57,087	20,566,543	874,067	43,806,239
ACCUMULATED DEPRECIATION								
Balance at 1 January 2022	7,153,230	410,736	4,265,099	1,429,370	23,522	10,880,624	-	24,162,581
Depreciation	798,469	58,753	712,990	876,023	10,406	3,443,980	-	5,900,621
Disposal	-	-	(71,534)	-	-	281,382	-	209,848
Adjustments	(249,165)	(11,944)	(131,041)	(424,400)	(1,753)	287,665	-	(530,638)
Balance at 31 December 2022	7,702,534	457,545	4,775,514	1,880,993	32,175	14,893,651	-	29,742,412
Balance at 31 December 2022	1,878,142	431,223	1,836,413	3,346,178	24,912	5,672,892	874,067	14,063,827
AT COST								
Balance at 1 January 2021	9,415,634	777,190	5,670,328	2,816,747	13,634	12,964,345	269,547	31,927,425
Additions	71,957	70,453	942,588	1,971,246	43,120	-	809,777	3,909,141
Disposal	-	(675)	(200,813)	(1,074,539)	(247)	-	(269,547)	(1,545,821)
Balance at 31 December 2021	9,487,591	846,968	6,412,103	3,713,454	56,507	12,964,345	809,777	34,290,745
ACCUMULATED DEPRECIATION								
Balance at 1 January 2021	6,063,916	354,677	3,615,234	1,561,789	13,634	7,332,670	-	18,941,920
Depreciation	1,089,314	56,059	732,296	419,287	9,888	3,547,954	-	5,854,798
Disposal	-	-	(82,431)	(551,706)	-	-	-	(634,137)
Balance at 31 December 2021	7,153,230	410,736	4,265,099	1,429,370	23,522	10,880,624	-	24,162,581
Balance at 31 December 2021	2,334,361	436,232	2,147,004	2,284,084	32,985	2,083,721	809,777	10,128,164



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10. TRADE AND OTHER PAYABLES

	2022 K	2021 K
Trade payables	2,752,841	1,096,223
Accrued expenses	7,260,332	16,791,289
Other payables	116,390	849,997
	10,129,563	18,737,509

- Accrued expenses of K7.2 million (2021: K16.7 million) relates to:
 - Accrued supplier invoices of K2.5 million (2021: K13.3 million) for consultancy fees of K1.1 million (2021: K0.87million), professional fees of K0.26 million (2021: K7.2 million), legal fees of K0.34million (2021: K0.40 million) and operational costs K0.80million (2021: K4.83 million);
 - Bonus accrual of K3.4 million for (2021: K1.7 million); and
 - Accrued audit and valuation fees of K1.3 million (2021: K1.7 million).

11. LEASE LIABILITIES

	2022 K	2021 K
Current	3,725,352	2,264,679
Non current	2,092,153	-
TOTAL	5,817,505	2,264,679

The Corporation leases its office space from Harbourside Development Limited. As at 31 December 2022, the office lease between the Corporation and Harbourside Development Limited has been extended for further two years for period 1 July 2022 to 30 June 2024.

Maturity analysis – contractual undiscounted cash flows

Less than one year	4,009,404
One to five years	2,053,596
More than five years	-
Total undiscounted lease liabilities at 31 December 2022	6,063,000
Lease liabilities included in the statement of financial position at 31 December 2022	5,817,505
Amount recognised in profit or loss	
Leases under IFRS 16	
Interest on lease liabilities	315,580

12. PROVISIONS

<u>Current</u>	2022 K	2021 K
Provision for annual leave (i)	1,490,100	1,184,896
 <u>Non-Current</u>		
Provision for long service leave (i)	1,752,863	1,116,349

- i. Provision for annual and long service leave of K3.2 million (2021: K2.2 million) relates to higher benefits and entitlements in 2022 due to alignment to the new KCH Organisational Structure.



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13 CONTINGENT LIABILITIES

Finance Pacific Ltd (FL) ats Rimbink Pato & Rijoa (WS No.741/2002)

This is a claim for wrongful termination of Rimbink Pato. The matter went for hearing in 2002, and a decision is yet to be handed down by the courts. The plaintiff Mr. Pato has requested for an out of court settlement which had been refused by the Board and Mr. Pato has been advised accordingly. Until such time that the court is able to hand down its decision, the file will be held in abeyance then. Amount of damages claimed: K7,000,000.

The plaintiff wrote to the Minister for Public Enterprise and State Investments to settle the matter at K11,000,000 in or about 11 February 2016. Advice was given to the Managing Director that the Court had not handed down its decision on liability hence, matter cannot be settled out of Court. File held in abeyance.

WS No. 709 of 2015: KCH & Ors – ats-Igimu Momo OBE

The plaintiff commenced action against the Defendants for unlawful termination. The matter has progressed to trial, and we are currently waiting on the decision of the Court which will determine the outcome of the matter. Estimated Liability: K800,000 (Salary package per employment contract) plus interest and cost.

Decision has been made in favour of KCH. The matter has been dismissed and is in the process of formally closing this matter with our briefed lawyers.

OS No. 860 of 2016: Anawa Unasi v KCH

The plaintiff alleges that he is the racial landowner of Baena land on which the Ramu project is located. On 15 December 2016, the plaintiff commenced legal proceedings against KCH seeking various declaratory orders inter alia that the Court recognise him as the principal landowner and also sought interim injunctive orders to restrain the Ramu project from progressing. The matter is laced on the list for summary determination estimated to be in March 2021 with a date to be advised by the National Court Registry. Should this matter die naturally, there will be no estimated liability.

To date there has been no communication to KCH regarding the exploration of settlement discussions and negotiations between KCH and Anawa Unasi. It appears that there is no liability in respect of this proceedings except for legal bills.

WS No. 697 of 2017: TLA Media Limited v KCH

On 28 July 2017, the plaintiff commenced legal proceedings claiming a debt of K261,459. The matter progressed to trial before David J and we now await His Honour's decision. The matter is active, and a decision is yet to be provided by David J. The file is currently in His Honour's chambers. This status remains to the date of this amendment. On 16 December 2019, judgement was orally entered against KCH for K261, 459. 35 as debt due and owing. To date, the written judgement is yet to be delivered to parties.

KCH has given instructions and obtained orders at the Supreme Court to extend time to appeal against the decision of the National Court once the written decision of the National Court Orders are issued to the respective parties.

Estimated Liability: K261,459 plus cost and interest.

KEL ats The State (WS 981 of 2016)

This matter was commenced by KEL against the State (DL) for breach of agreement to pay KEL K46.6 million as compensation for compulsory acquisition of Portion 406 Manu Manu. KCH successfully applied to be a party to the proceeding and has filed its Cross-claim against the plaintiff has filed a Notice of Motion to dismiss the Cross-Claim. Motion ending hearing. Estimated Liability: Nil.

The matter is open but needs to be closed. KCH has issued instructions to Dentons Lawyers (Law firm in carriage of this matter) to close this file.



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OS (JR) No. 370 of 2017: M&M Investments Limited v Secretary for Lands, KCH and Ors

This is a judicial review application by M&M Investments Limited seeking leave to judicially review the decision of the Department of Lands to forfeit the State Lease held by M&M over, portion 406, Milinch Manu, Fourmil Aroa and the granting of that state lease to KEL. The matter is currently and is open. The Court issued Orders on 20 May 2019 for the matter to be "*referred for Summary Determination on a date to be fixed by the Register*"

The plaintiff has filed but not received a date to move his application to have this matter removed from the Summary Determination List. It appears that there is no cost liability in respect of these proceedings except for legal bills.

Estimated Liability: Cost of the proceeding to be determined by the Court.

WS No.1144 of 2019: Coffee Connection v MAL and KCH

On 18 September 2019, the plaintiff filed a writ of summons claiming liquidated damages in the amount of K250,000 against the Defendants for breach of contract executed by the First Defendant and the plaintiff on the 19 February 2019.

KCH successfully obtained orders to be removed as a party to these proceedings on 24 June 2020 therefore no liabilities arising out of this matter are expected. Orders obtained on the 24 June 2020 stand. KCH internal Legal Division is to take administrative steps to close the file. It appears that there is no cost liability in respect of these proceedings except for legal bills.

WS No. 176 OF 2020: Paul Nerau v Darren Young (In His Capacity as Managing Director of KCH) and 6 Ors.

On 5 March 2020, the plaintiff commenced legal proceedings against Darren Young, Isikeli Taureka, Charles Abel, Saindran Muthuvel, (In respective capacities), KCH, and the State as Defendants for a claim of K763,562.

Orders issued by the Court on the 05th May 2022 among other things were that "*the proceeding is dismissed for failure to disclose a reasonable cause of action, being frivolous and vexatious pursuant to Order 12 Rule 40(1) of the National Court Rules*".

Estimated Contingent Liabilities: K763,562

14. FAIR VALUE

The carrying value of all other assets and liabilities approximates fair value (in millions).



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15. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Corporation activities expose it to a variety of financial risks: market risk (including currency risk, equity price risk and cash flow interest rate risk), liquidity risk and credit risk. The Corporations' overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Corporation's financial performance. Risk management is carried out under policies approved by the board of directors.

(b) Market risk

(b) Foreign exchange risk

The Corporation's foreign exchange risk arises on administrative expenditure incurred at the corporate level in the PNG Kina and loan transactions in AUD. The Corporation is not exposed to major translation exposures as the majority of the Corporation's assets and liabilities are denoted in Kina.

As at 31 December 2022 and 2021, the Corporation have no balances that are denominated in foreign currencies.

(ii) Equity price risk

The Corporation's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Corporation manages the equity price risk by placing limits on individual and total equity instruments. The equity price risk is not applicable to the Corporation.

(b) Liquidity risk

Cash flow forecasting is performed by the Corporation and monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet its operational needs.

The table below summarises the maturity profile of the Corporation's financial liabilities based on contractual undiscounted payments (in millions).

Year ended 31 December 2022

	On demand	<1 year	1-5 years	Total
	K	K	K	K
Related party payables	-	4,384,413	-	4,384,413
Trade and other payables	-	10,129,562	-	10,129,562
	-	14,513,975	-	14,513,975

Year ended 31 December 2021

Related party payables	-	14,384,413	-	14,384,413
Trade and other payables	-	18,737,509	-	18,737,509
	-	33,121,922	-	33,121,922



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(c) Credit risk

The Corporation is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions. The Corporation's maximum exposure to credit risk at reporting date in the event other parties fail to perform their obligations is as follows (in millions):

	2022 K	2021 K
Cash and cash equivalents	34,533,629	4,022,163
Trade and other receivables	4,853,445	869,898
Related party receivables	5,494,188	8,928
	44,881,262	4,900,989

The Corporation reduces its risk on cash at bank by dealing only with reputed major banks.

(d) Capital management

The Corporation manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to its stakeholders through optimization of the debt and equity balances.

This involves the use of corporate forecasting models which facilitate analysis of the Corporation's financial position including cash flow forecasts to determine future capital management requirements. Capital management is undertaken to ensure a secure cost effective and flexible supply of funds is available to meet the Corporation's operating and capital expenditure requirements.

16. OTHER DETAILS

The KCH was established in Papua New Guinea on the 20th of June 2002.

The office is located on the 3rd floor of the Harbourside West building on Stanley Esplanade, Port Moresby.

As at 31st December 2022 KCH had 47 (2021:44) employees.

17. EVENTS AFTER REPORTING DATE

There has not been any matter or circumstances that has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Corporation, the results of those operations or the state of affairs of the Corporation in future financial years that would require an adjustment or disclosure in the financial statements.

