

ANNUAL REPORT 2022

Navigating Prosperity Together



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Chairwoman's Statement

Dear Members,

I am pleased to present the 2022 Annual Report on behalf of the Interim Board.

It gives me great pleasure to announce that your Fund recorded a Net Profit of K15.3 million in 2022 from K10.7m in 2021. This resulted in a crediting rate of 2.3% for the 2022 Financial Year with Net Assets rising to K630m from K615m in 2021.

These positive results are against the backdrop of macro challenges in the domestic and global economies such as difficulties in currency convertibility; subdued growth in the non-resources sector which poses ongoing assets liquidity challenges; rising global inflation; major economies including that of China facing difficulties; and the implications of the Russia-Ukraine war. These local and global conditions affect our economy profoundly and make it difficult for asset growth, however it is testament to our management team at CTSL under the capable leadership of CEO Charlie Gilichibi that your Fund has enjoyed a 43% increase in net profit and 2.4% growth in net assets in 2022.



In announcing these results I also acknowledge the work of the immediate past Statutory Manager, Peter Aitsi, in providing critical leadership, trust and oversight over 2022 to ensure the viability and continuity of the Defence Force Retirement Benefit Fund in the absence of a Trustee Board. These growth results are in every way a result of Mr Aitsi's expertise and guidance to CTSL over the past year.

Looking Forward

Our goal is the continued growth and protection of the Fund for your benefit. The small size of the Fund in terms of assets and a limited membership pose sustainability challenges. The CTSL Board is aware of these challenges and is working closely with management and all relevant stakeholders to address these issues and improve outcomes.

The Interim CTSL Board was appointed on the 3rd of February 2023 for a period of six months and was tasked by the Regulator, the Bank of Papua New Guinea, to

- *Appoint a Board Assessor; and*
- *Work with the Board Assessor, the Shareholder (PNGDF) and the Regulator (Bank of PNG) to have a permanent Board in place by the 3rd of August 2023.*

I am pleased to say the Interim Board is on target with these deliverables and will have a permanent board appointed by the 3rd of August.

“

Once the permanent board is in place it will review and develop a five year strategic plan by which to take the Fund forward.

Besides governance and strategic assets allocation, innovation, people and culture and member services will take prominent focus in the five year strategic plan.

Finally, on behalf of the Interim Board I would like to once again acknowledge the great work and contributions of the immediate former Statutory Manager, Peter Aitsi, our CEO Charlie Gilichibi and all management and staff of CTSL. Their diligence and duty of care has allowed us to progressively move the Fund forward.

Michelle Hau’ofa

Chairwoman
Interim Board 2023





Together

Empowered

CEO'S Report



Dear Members,

The year 2022 while challenging, was one of continuous improvements for Comrade Trustee Services Limited (CTSL).

Worthy of noting is the transition from a previous Statutory Manager (Sitiveni Weleilakeba) to a new Statutory Manager (Peter Aitsi) from February of 2022. Mr. Aitsi provided astute stewardship and governance oversight for the CEO and management to continue delivering on the mandate and trustee obligations for the Defence Force Retirement Benefit Fund (DFRBF) and its members. Statutory Management ended on the 3rd of February 2023 while an interim Board was appointed for a period of six months up to 3rd of August.

Beyond that, key achievements for CTSL include but are not limited to the following highlights:

- Delivered a crediting rate of 2.3% from a net income of K15.3 million versus K10.7m in 2021. Grew net assets from K615 million in 2021 to K630m in 2022.
- Completed 2022 audited accounts in April of 2023 compared to November 2022 for 2021 financial year.
- Recruit a new General Manager Finance for accounting and finance and built up the team from a 100% turnover in the prior 12 months.
- Cleaned up pension listing and improved from 1,900 pensioners down to 1,600 pensioners.
- Delivered a cross-subsidy model to make serviced land allotments affordable for members at 40-50% discount versus market price.
- Extended member outreach to Western Highlands, Western and West Sepik provinces aside from the usual coverage in the main centres of Port Moresby, Lae, Wewak and Manus.

2022 Key Milestones



Appointment of a full permanent board by August 2023.



Facilitate the development of the new Board's three year strategic plan (2024-2026).



Introduce a new accounting system to improve workflows, data integrity and monthly financial reporting.



Work on initiatives to improve member services, including augmenting the potential of artificial intelligence (AI) into member service programs.



Attracting and retaining high quality talent and leadership development within the organization.



Ongoing meaningful engagements with key stakeholders including the Bank of PNG, Treasury Department, PNG Defence Force, Lands Department and others.

“

I look forward to continue delivering on the trustee's mandate for the benefit of our members.

I look forward to working with the compliment of the full board, together with our management and staff to continue delivering on the trustee's mandate for the benefit of our members.

Charlie Gilichibi

Chief Executive Officer

Executive Team



Charlie Gilichibi

Chief Executive Officer

Work Experiences: Mr. Charlie Gilichibi commenced employment with Comrade Trustee Services Limited as the Chief Executive Officer on the 27th of January 2020 and has over 20 years wealth of experience in the Superannuation Industry

Education Background: Mr. Gilichibi has a master's in business administration from University of Papua New Guinea, Bachelor Degree in IT from Canberra University and Diploma in Economics from International Training Institute

Professional Memberships: Mr. Gilichibi is a professional member of PNG Institute of Directors

Mark Kanawi

General Manager Investments

Work Experiences: Has over 8 years of work experiences in financial industry

Education Background: Bachelor in Business Management from University of Papua New Guinea

Professional Memberships: PNG Institute of Directors and ACID



Seno Wekina

General Manager Legal

Work Experiences: Has over 25 years experience in practicing law with over 10 years experiences in the Superannuation sector

Education Background: Bachelor Degree in Law from University of Papua New Guinea and GM's Program – Mt Eliza Business School

Professional Memberships: PNG Institute of Directors, AICD and PNG Law Society





Jackraho Morea

General Manager Finance

Work Experiences: Has over 14 years of experience in Finance and Accounting in Executive Roles

Education Background: Bachelor in Commerce from the University of Technology

Professional Memberships: CPAPNG

Freddy Manihoru

General Manager Member Services

Work Experiences: Has over 10 years of experience in the Superannuation Industry

Education Background: Bachelor Degree in Business Management from Divine Word University

Professional Memberships: PNG Institute of Directors and AICD



Darusilla Musi

General Manager Human Resource & Admin

Work Experiences: Has 13 years of work experience in the HR Fraternity in Executive roles.

Education Background: Bachelor Degree in Business & Management from University of Papua New Guinea

Professional Memberships: PNG Human Resource Institute, AICD and PNG Institute of Directors



Licenced Investment Manager Statement

FRONTIER EQUITIES LIMITED

GLOBAL MARKETS

In 2022 the global market saw trillions of dollars wiped off world stocks, fluctuating currency and commodities, and the collapse of several crypto empires. It has been perhaps the most turbulent year in the last decade outside of the global shock of the covid 19 pandemic. The main drivers have been the war in Ukraine, combined with surging inflation as global economies broke out of the pandemic lock downs. In January alone ten-year Treasury yields jumped to 1.8% from less than 1.5%, knocking 5.0% off MSCI's world stocks index. Fast forward and that yield in December is at 3.9%, stocks are down almost 20.0% and oil ended the year 8.0% higher. The surge in interest rates took \$3.6 trillion off the major tech companies. Facebook and Tesla have both lost more than 60.0%, while Google and Amazon were down 40.0% and 50.0%. Mounting recession concerns through the year, along with the West's plan to stop buying Russian oil, mean Brent crude has given back much of the 80.0% it made in the first quarter, as have wheat and corn.



DOMESTIC MARKETS

The country experienced another National General Election which was not without controversies and challenges. A Marape led coalition was installed again, demonstrating encouraging levels of political stability to the world. The biggest ever national budget was handed down in November, which drew a wide range of adverse reactions from the private sector. This was largely due to concerns about the increase in tax charges targeting banking institutions to support the governments revenue strategy. The Fund has a material interest in this sector and FEL will be closely monitoring the impact of these tax legislations as they materialise in the new year. The deferral of the expected approvals for the Papua LNG and P'nyang LNG projects in 2019 have dragged over into 2022, whilst discussions continued about the government's proposed changes to resource-project investment conditions. Positive progress was made in resolving issues relating to Porgera, Papua LNG, and the Wafi-Golpu projects in the year as the country still eagerly awaits the economic stimulus that accompanies these investments.

Against this backdrop of both global and domestic economic upheaval in 2022,

**the Fund achieved
a gross investment
return of 4.4%
contributing to the
net asset result of
K630.3M.**

The performance of the fund was primarily driven by increased dividend and interest receipts and valuation gains on key assets.



INVESTMENT STRATEGY

CTSL's primary investment objective is 'To provide a return of at least + 2.0% over CPI over a rolling 5-year period.' The Strategic Asset Allocation (SAA) guides the Fund with the appropriate asset mix and framework. The Five-Year SAA Implementation Plan that was developed and approved in 2020 and will come under a mid-term review next year in 2023.

PERFORMANCE

2022 was another year of recovery for the Fund post Covid-19. CTSL and FEL focused on applying greater scrutiny to the existing investments and evaluating their rolling performance. The Fund embraced the challenges of the economic headwinds globally and domestically to maintain prudent oversight and management of the investment portfolio. A crediting rate of 2.3% was awarded to members on the back of favorable valuations and organic growth through steady cash inflows.

DOMESTIC CASH

The Fund defines cash as short-term treasury bills and deposits with maturities up to 180 days. Over the past two years the focus has been to strengthen the cash position of the fund. This has steadily occurred since the inception of the new SAA. As at 31 December 2022 cash represented 9.9% of the portfolio. CTSL and FEL will continue to monitor to ensure the Fund has sufficient funds to meet its liquidity requirements.



PROPERTY PORTFOLIO

The CTSL property portfolio has continued to remain one of the weaker performing asset classes over the period of the current Five-Year SAA. After experiencing the upside of the LNG boom this asset class performance has been on a steady decline since 2017. In 2020 the Fund undertook a strategic review of the property assets to consolidate the core property assets and to exit the non-core or non-performing property assets. No non-core property sales were undertaken in 2022, whilst the capital reinvestment program into Defens Haus continued.



FIXED INCOME

The Fixed Income asset class is key to supporting the Fund's liquidity requirement. Over the course of the year Government Inscribed Stocks (GIS) and Treasury Bill yields have continued to decline. As at 31 December 2022 the Funds allocation to fixed income was 9.7% comprising 7.2% GIS and the remaining held in a corporate bond. CTSL and FEL continue to monitor the market for fixed income opportunities that fit the funds risk and return profile of the Fund.



DOMESTIC EQUITIES

The Funds domestic equities are split into listed and unlisted equities. As at 31 December 2022 the asset class sat at 43.0% of the total portfolio. The Fund's unlisted equities are 15.2% of the asset class with the largest unlisted equity being Toea Homes Ltd followed by SP Brewery, Toyota, and Post Courier. Listed equities are companies listed on the PNG Stock Exchange (PNGX). This asset class consists of BSP Financial Group, Kina Asset Management Limited, Credit Corporation Limited, and City Pharmacy Limited. The listed equities performed slightly stronger in 2022 attributed to share price increases from BSP Financial Group and Credit Corporation.



INTERNATIONAL PORTFOLIO

CTSL introduced two new asset classes – Global Fixed Income and Emerging Market Equities, under the Five-Year SAA. The unexpected global shock of Covid-19 and the limited foreign exchange have been major constraints to implementing the international investment targets under the SAA. CTSL and FEL continue to monitor the market for opportunities to progress this asset class.

INTERNATIONAL EQUITIES

The International Equities are listed equities on the Australian Stock Exchange (ASX) and Global Index Funds. The asset class represented 9.3% of the portfolio as at 31 December 2022. The international equities faced head winds in 2022 resulting in lower returns compared to the previous year. This was attributed primarily to higher global inflation, increase global interest rates, the Ukraine war and appreciation of the PGK against the Australian Dollar.

INTERNATIONAL CASH

The international cash makes up 3.4 % of the Fund's portfolio as at 31 December 2022. The international cash position increased by 4.2% against the position in 2021. The focus in 2023 will be to re-deploy this cash into higher yielding assets.

Adam Kramer

Director
Frontier Equities Limited

Rabbie Namaliu

General Manager
Frontier Equities Limited
(Licensed Investment Manager)

Fund Administrator's Statement



**KINA INVESTMENT &
SUPERANNUATION SERVICES LIMITED**

2022 YEAR IN REVIEW

Kina Investment and Superannuation Services Limited (KISS) has demonstrated remarkable resilience and unwavering optimism amidst the challenging aftermath of the COVID-19 pandemic. Despite the challenges and prevailing uncertainties, it is with great pleasure that we have ensured provision of fund administration services to Comrade Trustees Services Ltd without disruption.

In the year 2022, KISS prioritised the optimisation of performance, fostering heightened levels of engagement, and fortifying our capacity to accommodate forthcoming system upgrades. The administration team is fully committed to providing unwavering support towards the achievement of the fund's objectives, while simultaneously striving to enhance operational efficiency.

Fund administration has now emerged as a critical player in an industry that has undergone significant transformation due to an extensive array of services and products. KISS takes great pride in showcasing the notable enhancements achieved in our collaborative efforts.

A new workflow solution was put into place to guarantee effectiveness and efficiency in day-to-day operations. It offers scalability to accommodate future growth and changes in business requirements in addition to enabling seamless integration with other systems to better service members

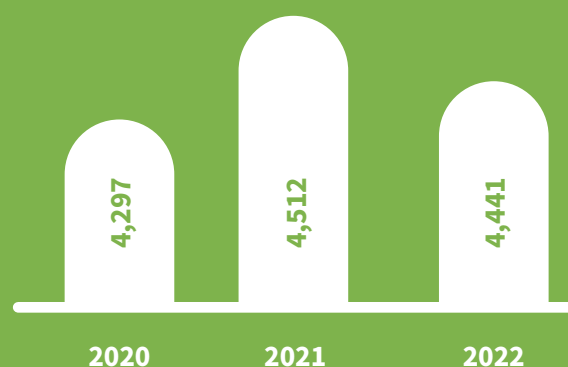
- Enhancement of current membership report enabling the fund to make informed decisions going forwards.
- Implementation of a number of core system enhancements to aid the fund's efforts, such as interest allocation for a single entity.

Overall, KISS is committed to supporting trustee's objectives and enhancing operational efficiency. The success of the fund this year is a testament to the collaboration and support from the CTSL team, including senior executives.

FUND MEMBERSHIP

As of December 2022, the fund boasted a total membership count of 4,441 members. 28% have served for over 20 years, while the remaining 72% have served for a comparatively shorter duration of less than 20 years. The defined benefit scheme had a total of 184 members, while the accumulation scheme had a membership totalling 4,257. The proportion of members who satisfied the 20-year service criterion experienced a decline of 2% compared to the preceding year, with a recorded value of 30% in 2021.

MEMBERSHIP PER YEAR



FUND	2020			2021			2022		
	Active	Inactive	Total	Active	Inactive	Total	Active	Inactive	Total
Accumulation	3,900	204	4,104	3,860	464	4,324	3,878	379	4,257
Defined Benefit	90	103	193	86	102	188	88	96	184
Total	3,990	307	4,297	3,946	566	4,512	3,966	475	4,441

FUNDS UNDER ADMINISTRATION

Total funds under administration at year ending 31 December 2022 was:

K530.07

million

2020			
FUND	Active	Inactive	Total
Accumulation	506,285,300.78	8,724,376.51	515,009,677.29
Defined Benefit	3,059,462.00	1,298,767.00	4,358,229.00
Total	509,344,762.78	10,023,143.51	519,367,906.29

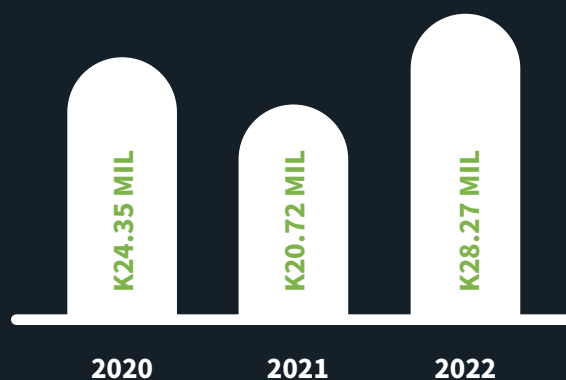
2021			
FUND	Active	Inactive	Total
Accumulation	496,410,825.65	24,545,736.97	520,956,562.62
Defined Benefit	3,376,889.98	1,348,159.08	4,725,049.06
Total	499,787,715.63	25,893,896.05	525,681,611.68

2022			
FUND	Active	Inactive	Total
Accumulation	514,353,462.18	10,650,853.36	525,004,315.54
Defined Benefit	3,820,091.75	1,247,860.66	5,067,952.41
Total	518,173,553.93	11,898,714.02	530,072,267.95

CONTRIBUTIONS

Total amount of contributions received and allocated for both the Defined Benefit and Accumulation schemes amounted to K28.59 million. The Accumulation scheme experienced a notable growth of K7.55 million, representing a substantial increase of 36% across all contribution components when compared to the figures in 2021.

TOTAL CONTRIBUTIONS PER YEAR



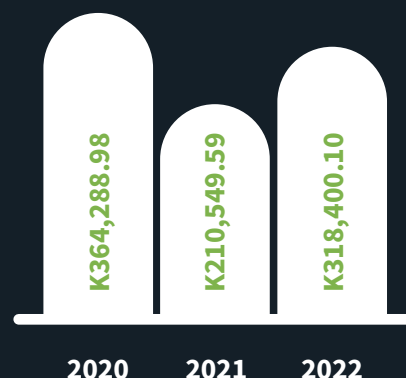
ACCUMULATION FUND

DESCRIPTION	2020	2021	2022
Member Contributions	8,795,698.29	6,597,022.30	10,250,992.27
Employer Contributions	12,270,549.38	9,225,554.09	14,350,223.52
Member Voluntary	1,727,999.14	1,573,384.21	2,920,835.06
Employer Voluntary	0	0	0
Member Salary Sacrifice	0	8,847.54	1,693.91
Housing Advance Repayment	186,796.69	176,115.61	432,352.87
Transfers from other ASF	1,369,511.63	3,134,249.20	311,957.56
State Share	0	0	0
Unallocated Contributions	0	0	0
TOTAL	24,350,555.13	20,715,172.95	28,268,055.19

DEFINED BENEFIT FUND

DESCRIPTION	2020	2021	2022
Member Contributions	110,148.76	176,015.81	261,566.59
Employer Contributions	211,821.49	0	-6,568.45
Housing Advance Repayment	18,860.44	10,356.79	32,880.30
Member Voluntary	23,458.29	24,176.99	40,521.66
Unallocated Contributions	0	0	0
TOTAL	364,288.98	210,549.59	318,400.10

TOTAL CONTRIBUTIONS PER YEAR



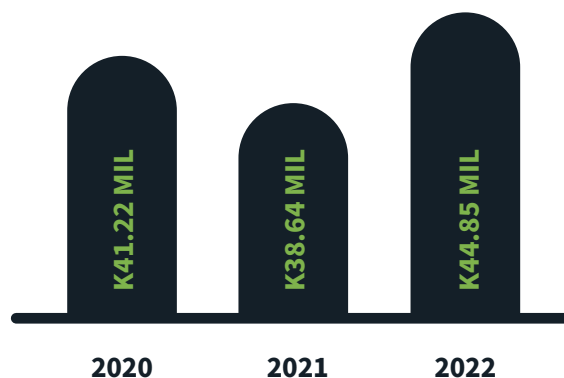
BENEFIT PAYMENTS

The total benefits disbursed in 2022, encompassing both the Defined Benefit and Accumulation schemes, amounted to K45.03 million. This represents a surge of 16% compared to the preceding year, where the total benefits paid amounted to K38.69 million. Throughout the year, the fund diligently carried out its role of facilitating Unfunded State Share payments. A total of K30 million was disbursed to 175 existing members, subsequent to the receipt of government funding. While the withdrawal payments for all other categories remained consistent with the previous year, it is worth noting that there has been a significant decline of 50% in death payments made to nominees on behalf of deceased members of Defense Force. Although, total of K1.5 million was paid to nominated beneficiaries of 47 deceased members.

ACCUMULATION FUND

DESCRIPTION	2020	2021	2022
Normal Retirement	15,096,009.36	23,268,585.63	8,689,966.46
State Share Payments	21,406,956.12	8,895,291.27	30,388,780.56
Medical Retirement	0	0	0
Death	2,143,531.34	3,366,047.00	1,508,062.69
Transfer Out (to other ASF)	176,442.51	253,527.95	473,840.42
Unemployment Benefits	16,341.76	21,382.55	8,123.55
Housing Advance Payments	1,494,231.83	2,027,137.36	2,910,442.14
Tax on Full Benefit Payment	882,339.55	802,728.48	874,677.52
Tax on Partial Benefit Payment	1,586.64	2,724.34	369.21
TOTAL	41,217,439.11	38,637,424.58	44,854,262.55

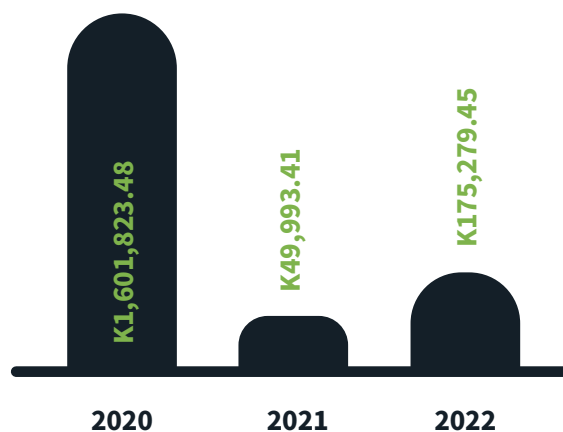
TOTAL PAYMENT PER YEAR



DEFINED BENEFIT FUND

DESCRIPTION	2020	2021	2022
Refund	28,2857.68	0	46,943.84
Normal	5,553.53	15,134.03	13,021.97
Commutation	0	0	47,925.49
Death	39,862.2	17,631.48	40,990.72
Transfer Out (to other ASF)	4,025.74	0	0
Transfer Out (to DFAC)	12,491.82	4,923.69	0
Housing Advance Payments	15,689.76	10,500.00	20,000.00
Tax on Full Benefit Payment	4,652.57	1,804.21	6,397.43
Tax on Partial Benefit Payment	0	0	0
TOTAL	1,601,823.48	49,993.41	175,279.45

TOTAL PAYMENT PER YEAR



PENSION

The total amount of pension payouts in 2022 amounted to K14.68 million, reflecting a decline of 7% compared to the previous year's figure of K15.8 million.

The regular monthly pension payments experienced a decline of K1 million as a result of the Trustee's implementation of the Pension Check List exercise during the final quarter of the year. On average, over K900 thousand was disbursed each month.

At the close of the year, the total count of pension members/beneficiaries amounted to 1,600, while the number of suspended pension members stood at 466. The total number of beneficiaries consists of 486 widows and 13 recipients of child pension.

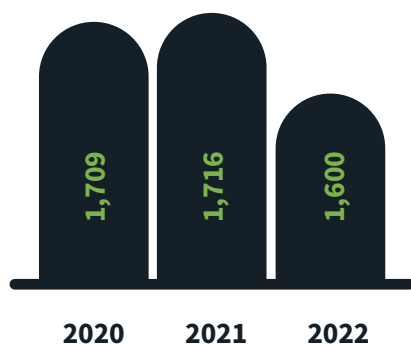
PENSION STATISTICS

DESCRIPTION	2020	2021	2022
Normal*	1,441	1,419	1,134
Suspended*	269	297	466
Widow	516	527	486
Child	16	16	13
Age <65	1,056	1,110	1,073
Eligible for SMA	851	852	794
TOTAL	1,710	1,716	1,600

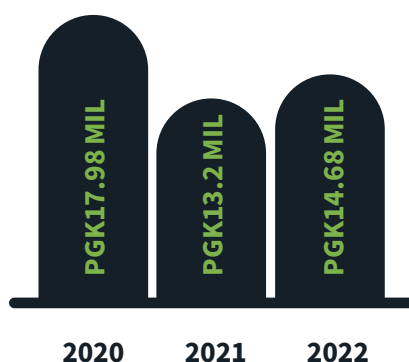
PENSION PAYMENTS

PAYMENTS	2020	2021	2022
On-off Pension	15,945.46	3,002,570.59	3,117,593.62
Regular	13,610,892.18	12,798,843.37	11,568,776.76
TOTAL	13,626,837.64	15,801,413.96	14,686,370.38

TOTAL PENSIONERS PER YEAR



TOTAL PAYMENT PER YEAR



FUTURE OUTLOOK

We understand that in today's fast-paced world, it is crucial to make information readily available and easily accessible. With the help of technology, we are committed to automating certain processes and implementing changes to ensure that members can access their retirement savings information whenever they need it.

Our goal is to make managing retirement funds seamless and convenient, empowering our members to make informed decisions about their future financial security.

Clifford Riroriro

Senior Manager Fund Administration

Kina Investment and Superannuation
Services Ltd (Licensed Fund Administrator)

Investment Portfolio

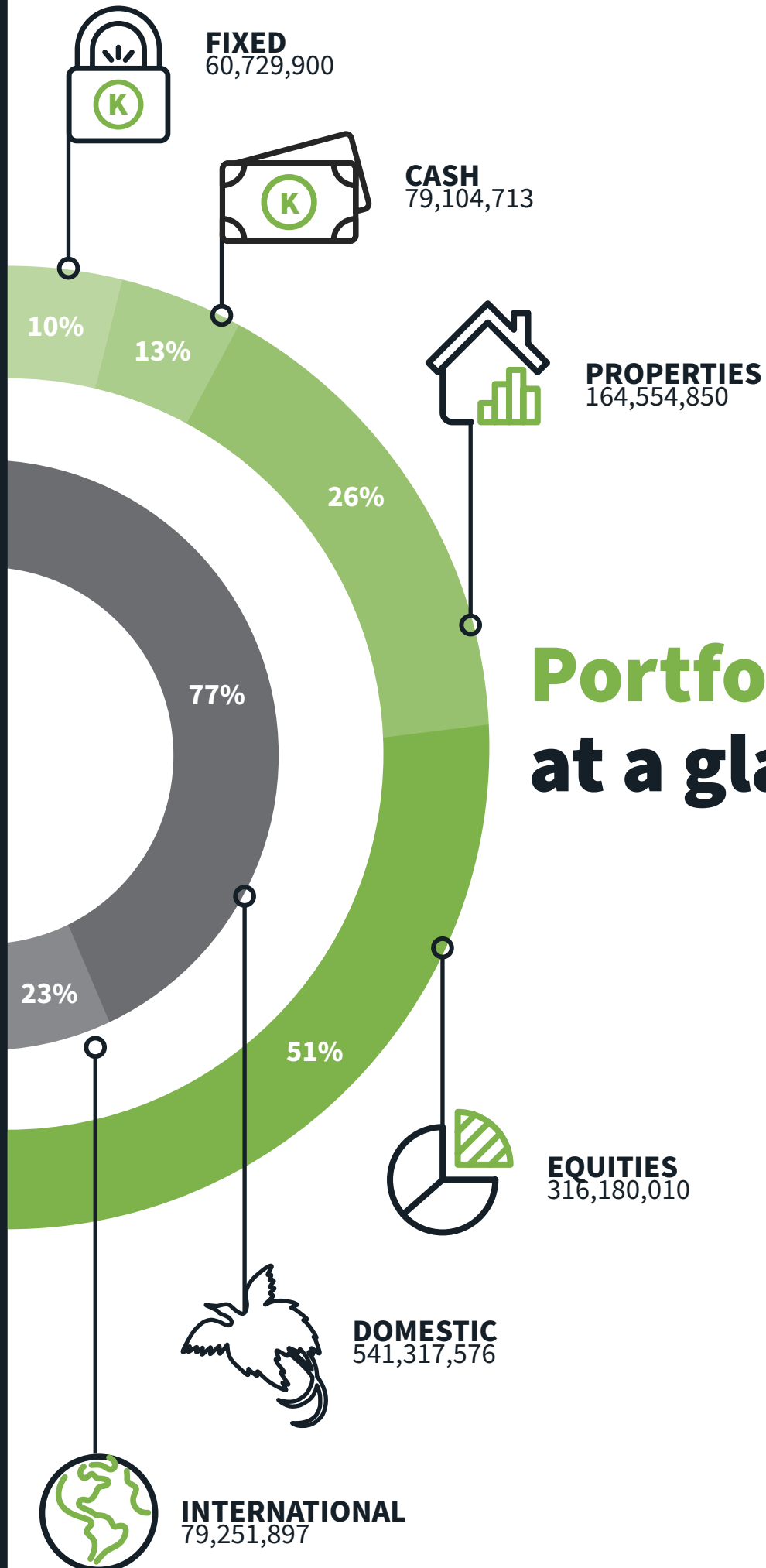
	2022	2021	ALLOCATION	NEUTRAL ALLOCATION
DOMESTIC				
Cash	58,993,803	52,169,250	9.5%	10%
Fixed	60,729,900	52,035,949	9.8%	22%
Equities	257,039,023	256,915,799	41.4%	30%
Properties	164,554,850	165,244,903	26.5%	15%
DOMESTIC TOTAL	541,317,576	526,365,901	87.2%	77%
INTERNATIONAL				
Cash	20,110,910	19,298,505	3.2%	1%
Fixed	0	0	0%	0%
Equities	59,140,987	65,298,334	9.5%	22%
INTERNATIONAL TOTAL	79,251,897	84,596,839	12.8%	23%
TOTAL VALUE	620,569,473	610,962,740	100%	100%

MAJOR INVESTMENTS

INVESTMENTS	ASSET CLASS	EXPOSURE
Bank South Pacific	Listed Equities	24.91%
Taurama Commercial	Properties	10.5%
Defens Haus	Properties	7.57%
THL (Toea Homes Limited)	Unlisted Equities	9.91%
Government Inscribed Stock	Fixed Income	9.79%

*The Strategic Asset Allocation is subject to change upon review and acceptance of the revised Investment Strategy

**The Trustee has provided an Exposure Exit Plan and Request for Exemption to the Bank of Papua New Guinea for assets exceeding the single asset exposure limit as required by the Prudential Standards



Portfolio at a glance

Equities

Portfolio

DOMESTIC	GICS SECTORS	2022	2021	MOVEMENT
LISTED				
Bank South Pacific	Financials	154,579,605	152,586,637	1.31%
City Pharmacy	Consumer Staples	2,448,075	2,448,075	0%
Kina Asset Management Ltd	Financials	5,426,027	5,154,726	5.26%
Credit Corporation	Financials	3,852,316	3,715,361	3.69%
TOTAL DOMESTIC LISTED		166,306,023	163,904,799	1.47%
UNLISTED				
BPT(PNG) Ltd	Consumer Discretionary	11,216,000	9,492,000	18.16%
Post Courier	Consumer Discretionary	2,260,000	2,339,000	-3.38%
South Pacific Brewery	Consumer Discretionary	15,767,000	19,437,000	-18.88%
Toea Homes Limited	Real Estate	61,490,000	61,743,000	-0.41%
TOTAL DOMESTIC UNLISTED		90,733,000	93,011,000	-2.45%
TOTAL DOMESTIC EQUITY PORTFOLIO		257,039,023	256,915,799	0.05%
INTERNATIONAL		2022	2021	MOVEMENT
LISTED				
Santos Ltd	Energy	12,329,268	10,523,594	17.16%
Newcrest Mining Ltd	Materials	1,289,455	1,900,129	-32.14%
Kina Securities Ltd	Financials	17,733,871	17,589,613	0.82%
TOTAL INTERNATIONAL LISTED		31,352,594	30,013,336	4.46%
UNLISTED				
Vanguard International Shares Indexed Fund	Financials	27,788,393	35,284,998	-21.25%
TOTAL INTERNATIONAL UNLISTED		27,788,393	35,284,998	-21.25%
TOTAL INTERNATIONAL EQUITY PORTFOLIO		59,140,987	65,298,334	-9.43%
TOTAL EQUITY PORTFOLIO		316,180,010	322,214,133	-1.87%

Properties Portfolio

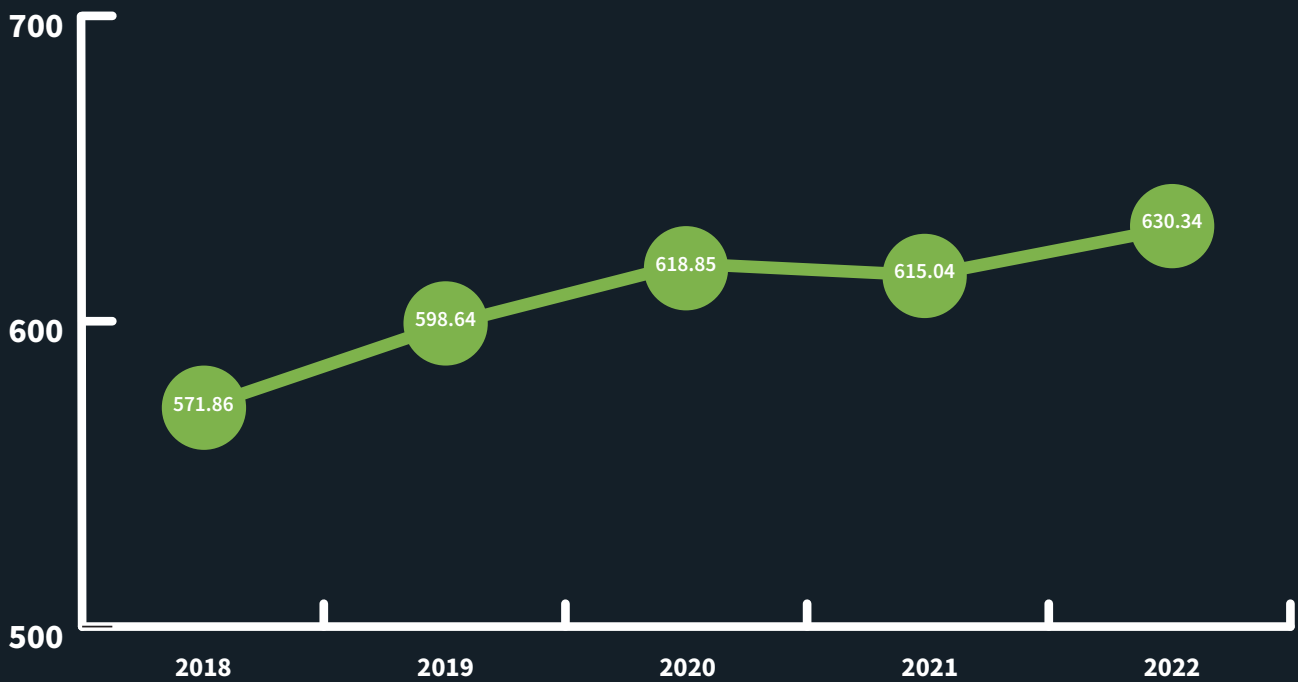
PROPERTIES	TYPE	2022	2021	MOVEMENT
Defens Haus	Commercial	47,000,000	47,222,885	-0.47%
Comrade Haus	Commercial	18,400,000	18,362,261	0.21%
Stop N Shop	Commercial	8,600,000	8,600,000	0%
Latitude 9	Residential	9,000,000	9,000,000	0%
Ela Makana 2	Residential	10,690,000	11,000,000	-2.82%
Ela Makana 1	Land Bank	5,705,000	6,000,000	-4.92%
Taurama Commercial	Land Bank	65,159,850	65,059,757	0.15%
TOTAL PROPERTIES		164,554,850	165,244,903	-0.42%

Cash & Fixed Portfolio

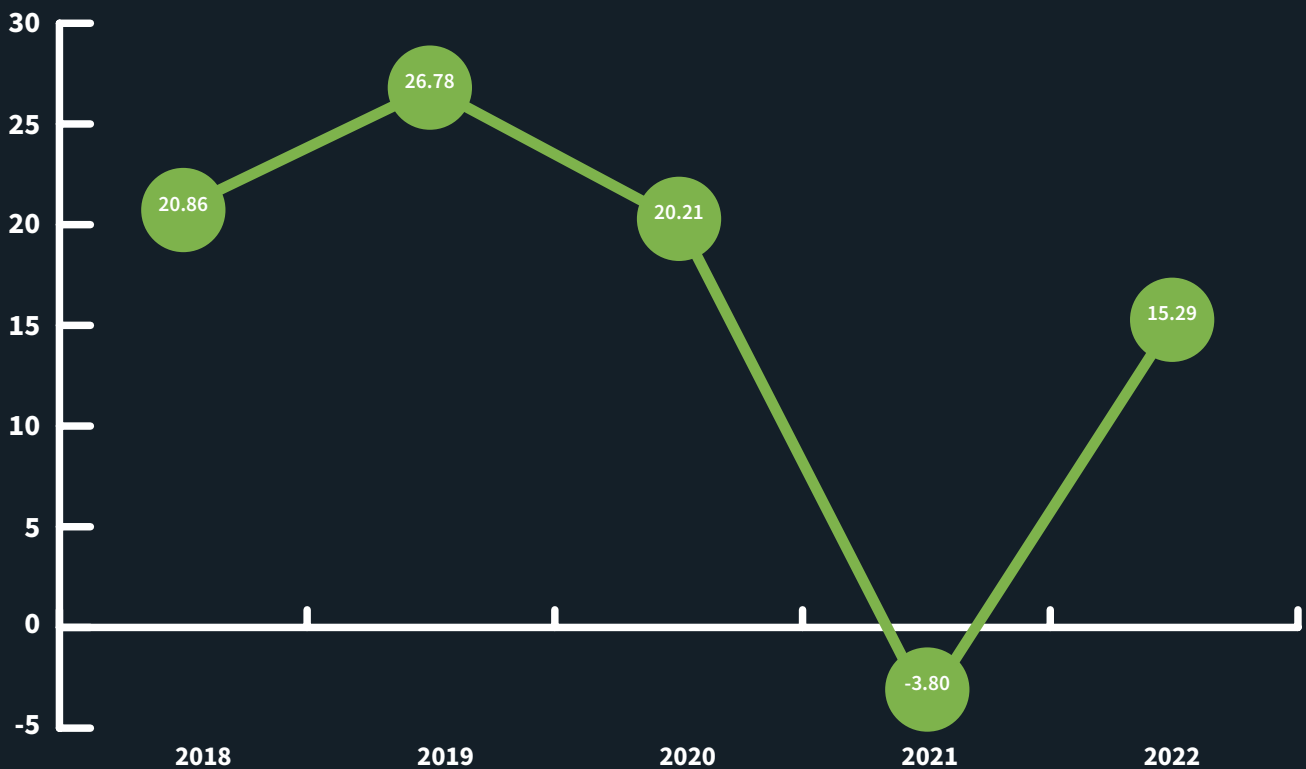
	2022	2021	MOVEMENT
CASH			
Cash on hand	1,077	2,000	-85.70%
Cash in Banks	42,829,000	40,592,414	5.22%
Term Deposits with maturities less than 90 days	36,274,636	30,873,341	14.89%
TOTAL	79,104,713	71,467,755	9.65%
FIXED INTEREST			
Inscribed Stock	41,792,448	41,605,949	0.45%
HBS Convertible Note	18,937,452	10,430,000	44.92%
TOTAL FIXED INTEREST	60,729,900	52,035,949	14.32%
TOTAL CASH & FIXED	139,834,613	123,503,704	11.68%

Five Year Performance Summary

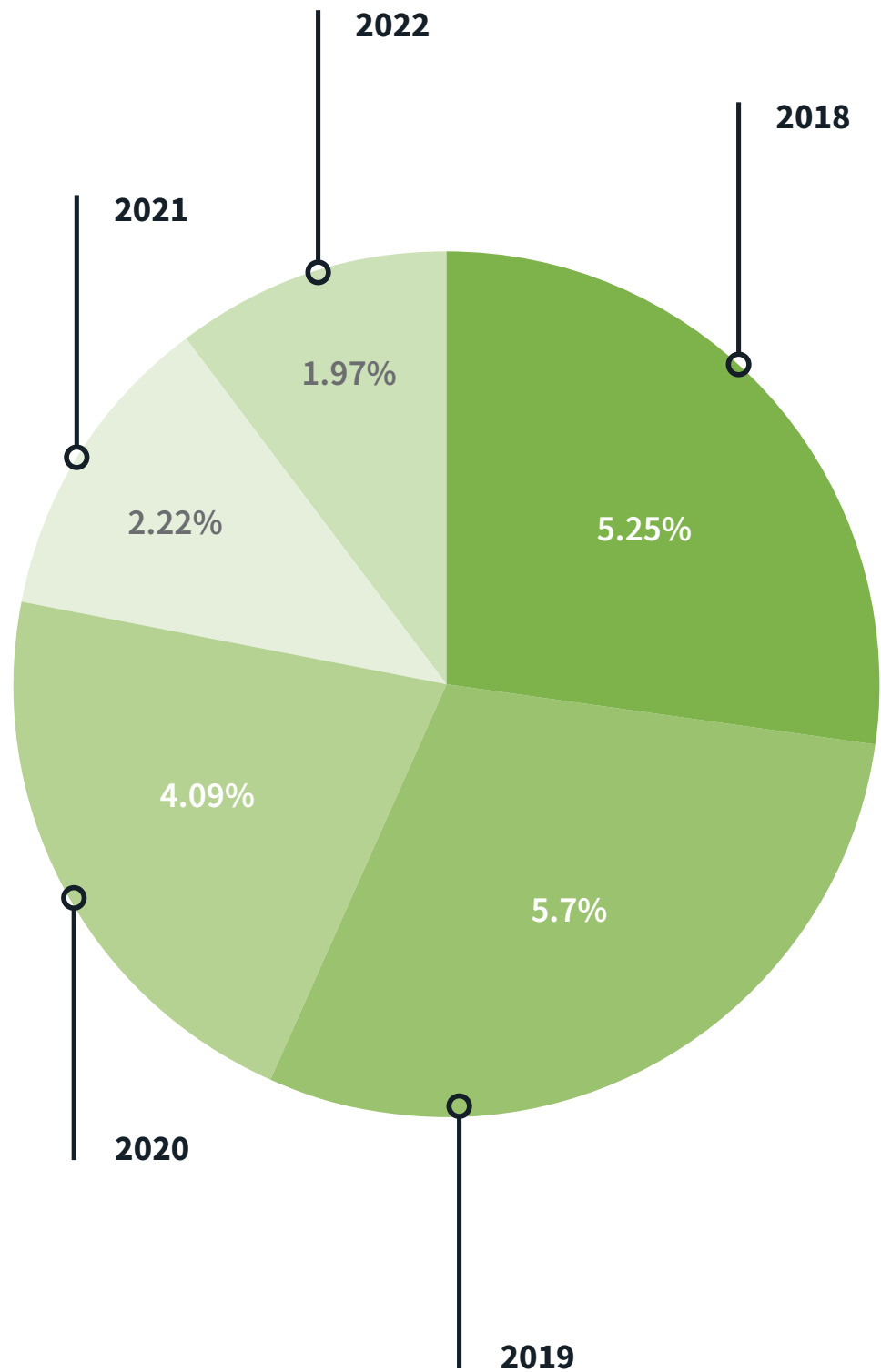
NET ASSETS (K'M)



NET ASSET GROWTH (K'M)



5 Year Compound Annual Growth Rate (CAGR)



Defence Force

Retirement Benefits Fund





Financial Statements

Annual Financial Report For the year ended 31 December 2022

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Defence Force Retirement Benefit Fund
Trustee's declaration to members
For the year ended 31 December 2021

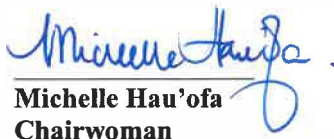
In our opinion, as Trustee of the Defence Force Retirement Benefit Fund (the "Fund"), the accompanying financial statements of the Fund which comprise of the Statement of Net Assets, the Statement of Comprehensive Income, the Statement of Changes in Net Assets, the Statement of Cash Flows, and the Notes to the financial statements, including a summary of significant accounting policies, give a true and fair view of the Fund's financial position and performance as at 31 December 2022 in accordance with International Financial Reporting Standards, the Superannuation (General Provisions) Act 2000, the Defence Force Retirement Benefits Fund Act and the Superannuation Prudential Standards issued by the Bank of Papua New Guinea.


Further, we are of the opinion that:

- a) the results of the Fund's operations for the year have not been materially affected by items, transactions or events of an abnormal nature or character. All significant transactions during the year have been appropriately identified and disclosed in the financial statements.
- b) no circumstances have arisen which would: (i) adversely impact the Fund's ability to meet its financial obligations and commitments as and when they become due and/ or (ii) render any amount in the financial statements misleading;
- c) there are no contingent liabilities that could materially affect the ability of the Fund to meet its obligations as and when they become due; and
- d) The Trustee has satisfied itself that:
 - i. key financial and operational risks have been identified and mitigating processes set in place;
 - ii. systems to control and monitor those risks have been established including adherence to prudent policies and procedures, reasonable operating limits and adequate and timely reporting processes;
 - iii. established risk management systems are operating effectively and are adequate to address the risks they are designed to control; and
 - iv. there are no apparent conflicts of interest with respect to the Fund's engagement of independent external auditors which may compromise their performance.

Dated at Port Moresby this 4th day of May 2023.

For and on behalf of the Board of Comrade Trustee Services Limited.


Michelle Hau'ofa
Chairwoman


Chetan Chopra
Director

Defence Force Retirement Benefit Fund
Management's statement
For the year ended 31 December 2022

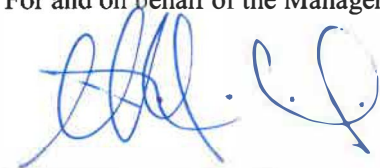
In our opinion, as management of the Trustee of the Defence Force Retirement Benefit Fund ("the Fund"), the accompanying financial statements of the Fund which comprise of the Statement of Net Assets, the Statement of Comprehensive Income, the Statement of Changes in Net Assets, the Statement of Cash Flows, and the Notes to the financial statements including a summary of significant accounting policies, give a true and fair view of the Fund's financial position and performance as at 31 December 2022 in accordance with International Financial Reporting Standards, the Superannuation (General Provisions) Act 2000, the Defence Force Retirement Benefits Fund Act and the Superannuation Prudential Standards issued by the Bank of Papua New Guinea.

Further, we are of the opinion that:

- a) the results of the Fund's operations for the year have not been materially affected by items, transactions or events of an abnormal character. All significant transactions during the year have been appropriately identified and disclosed in the financial statements.
- b) no circumstances have arisen which would: (i) adversely impact the Fund's ability to meet its payment obligations and commitments as and when they become due and/ or (ii) render any amount in the financial statements misleading;
- c) there are no contingent liabilities that could materially affect the ability of the Fund to meet its obligations as and when they become due; and
- d) Management has satisfied itself that:
 - i. key financial and operational risks have been identified and mitigating processes set in place;
 - ii. systems to control and monitor those risks have been established including adherence to prudent policies and procedures, reasonable operating limits and adequate and timely reporting processes;
 - iii. established risk management systems are operating effectively and are adequate to address the risks they are designed to control; and
 - iv. there are no apparent conflicts of interest with respect to the Fund's engagement of independent external auditor which may compromise their performance.

Dated at Port Moresby this 4th day of May 2023.

For and on behalf of the Management of Comrade Trustee Services Limited.



Charlie Gilichibi
Chief Executive Officer



Jackraho Morea
General Manager, Finance

Defence Force Retirement Benefit Fund
Directors' report
For the year ended 31 December 2022

The directors of Comrade Trustee Services Limited take pleasure in submitting this report and the annual financial statements of the Fund for the financial year ended 31 December 2022 in compliance with the provisions of the Companies Act 1997 and the Superannuation (General Provisions) Act 2000.

The Fund remained under Statutory Management with Mr. Peter Aitsi continuing as the Statutory Manager for the full 2022 financial year, in accordance with section 59 of the Superannuation (General Provisions) Act 2000. However, the Statutory Manager Mr. Peter Aitsi term lapsed on 2 February 2023 at which an interim board was appointed for a period of six months.

Board of Directors

The Bank of Papua New Guinea has extended the period of Statutory Management until 2 February 2023. Mr. Sitiveni Welelakeba was removed as Statutory Manager in January 2022 and replaced with Mr. Peter Aitsi. An interim board was appointed on 3 February 2023.

Trustee Secretary

Mr Seno Wekina

Review of operations

The Fund reported a net surplus after income tax and before other comprehensive income of K15,299,986 (2021: K10,746,300) and an increase in net assets for the year of K15,293,738 (2021: decrease of K3,803,743).

Changes in state of affairs

There have been no changes to the state of affairs of the Fund.

Change in accounting policies

There were no changes in accounting policies for the current year.

Entries in the interest register

There were no entries in the interest register made for the year.

Directors' remuneration

No remuneration was paid to directors in the absence of a board.

Donations

No donations were made during the current year (2021: Nil).

Defence Force Retirement Benefit Fund
Directors' report
For the year ended 31 December 2022

Independent audit report

The financial statements have been audited by KPMG and should be read in conjunction with the Independent Auditor's report on pages 5 to 7. Fees paid for external audit services are disclosed in Note 19.2 to the financial statements.

Subsequent events


Effective 3 February 2023, an interim Board of Directors has been appointed as follows:


Name	Executive/non-executive director
Michelle Hau'ofa	Non-executive director
Chetan Chopra	Non-executive director
Fiu Williame-Igara	Non-executive director
Commodore Philip Poleware	Non-executive director
Colonel Fred Aile	Non-executive director

There has not been any other matter or circumstance other than that referred to in the financial statements, that has arisen since the end of the financial year that has significantly affected, or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in future financial years that would require an adjustment or disclosure in the financial statements. While not affecting the 2022 financial results, it is to be recorded that Mr. Sitiveni Weleilakeba was removed as Statutory Manager on 18 January 2022 by the Bank of Papua New Guinea and Mr. Peter Aitsi was appointed on 2 February 2022.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors


Michelle Hau'ofa
Chairwoman


Chetan Chopra
Director

Dated at Port Moresby this 4th day of May 2023



Independent Auditor's Report

To the members of the Defence Force Retirement Benefit Fund

Report on the audit of the Financial Report

Opinion

We have audited the Financial Report of Defence Force Retirement Benefit Fund (the "Fund").

In our opinion, the accompanying Financial Report of the Fund is in accordance with the *Superannuation (General Provisions) Act 2000*, *Defence Force Retirement Benefits Fund Act* and the *Superannuation Prudential Standards issued by the Bank of Papua New Guinea*, including:

- giving a true and fair view of the Fund's financial position as at 31 December 2022 and of its financial performance for the year ended on that date; and
- complying with *International Financial Reporting Standards*.

The Financial Report comprises:

- statement of financial position as at 31 December 2022;
- statement of comprehensive income, statement of changes in net assets, and statement of cash flows for the year then ended; and
- notes including a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the *International Standards on Auditing*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Fund in accordance with the ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the Financial Report in Papua New Guinea. We have fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that we have remained independent as required by the Code throughout the period of our audit and to the date of this Auditor's Report.



Other Information

Other Information is financial and non-financial information in Defence Force Retirement Benefit Fund's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with the *International Financial Reporting Standards* and the *Superannuation (General Provisions) Act 2000*, *Defence Force Retirement Benefits Fund Act* and the *Prudential Standards* issued by the Bank of Papua New Guinea;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Fund's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is 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 *International Standards on Auditing* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

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

- Identify and assess the risks of material misstatement of the financial report, 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 controls.



Auditor's responsibilities for the audit of the Financial Report (continued)

- 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Those Charged with Governance (TCWG)'s 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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Fund 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.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

The auditor also provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

The *Superannuation (General Provisions) Act 2000*, *Defence Force Retirement Benefits Fund Act* and the *Prudential Standards issued by the Bank of Papua New Guinea* require that in carrying out our audit we consider and report on the following matters. We confirm in relation to our audit of the Financial Report for the year ended 31 December 2022:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Fund as far as appears from an examination of those records.



Herbert Maguma
Partner
Registered under the Accountants Act 1996

Port Moresby
04 May 2023

Defence Force Retirement Benefit Fund
Statement of net assets
As at 31 December 2022

	Note	2022 K	2021 K
Assets			
Cash and cash equivalents	7	79,104,713	71,467,755
Receivables from State	8	11,585,838	6,181,936
Financial assets:			
At fair value through profit or loss	9.1	316,180,010	322,214,133
At amortised cost	9.2	60,729,900	52,035,949
Investment properties	10	164,554,850	165,244,903
Property and equipment		644,463	955,222
Other assets	11	7,182,012	6,477,642
Related party receivables	21.1	12,586,136	11,050,348
Current tax assets	12.4	1,025,367	3,609,228
Deferred tax assets	12.3(a)	268,317	256,646
Total assets		653,861,606	639,493,762
Liabilities			
Employee provisions		770,947	566,426
Deferred tax liabilities	12.3(b)	738,505	390,325
Other liabilities	13	22,017,108	23,495,703
Total liabilities		23,526,560	24,452,454
Net assets available to pay benefits	14	630,335,046	615,041,308
Full notes to the financial statements are provided beginning page 12.			

Defence Force Retirement Benefit Fund
Statement of comprehensive income
For the year ended 31 December 2022

	Note	2022 K	2021 K
Revenue			
<i>Investment revenue</i>			
Interest income	15	7,517,978	5,230,905
Dividends		29,561,578	26,274,084
Property income net of property expenses	16	2,941,343	2,575,338
Change in fair value on investment properties	10	(3,240,015)	(14,353,057)
Change in fair value of financial assets	9.3	(3,017,899)	8,039,290
Loss on sale of financial assets	17	-	(703,640)
<i>Net investment revenue</i>		33,762,985	27,062,920
Other net income/(expense)		(1,220,130)	(1,070,192)
Total revenue		32,542,855	25,992,728
Administrative and management expenses			
Trustee administration and management expenses	19	11,129,765	12,570,109
Fund administration and investment management fees	20	2,276,597	2,474,995
Total administrative and management expenses		13,406,362	15,045,104
Net profit before income tax		19,136,493	10,947,624
Income tax expense/(benefit)	12.1	3,836,507	201,324
Net profit after income tax		15,299,986	10,746,300
Other comprehensive income		-	-
Total comprehensive income		15,299,986	10,746,300
Full notes to the financial statements are provided beginning page 12.			

Defence Force Retirement Benefit Fund
Statement of changes in net assets
For the year ended 31 December 2022

	Note	2022 K	2021 K
Net profit for the year available to pay benefits		15,299,986	10,746,300
Contributions from members and state	18.2	31,935,186	30,818,508
Benefits paid to members	18.1	(31,941,434)	(45,368,551)
Change in net assets for the year		15,293,738	(3,803,743)
Net Assets available to pay benefits at the beginning of the year		615,041,308	618,845,051
Net assets available to pay benefits at the end of the year		630,335,046	615,041,308
Full notes to the financial statements are provided beginning page 12.			

Defence Force Retirement Benefit Fund
Statement of cash flows
For the year ended 31 December 2022

	Note	2022 K	2021 K
<i>Cash flows from operating activities</i>			
Interest received		6,840,251	5,230,905
Dividends received		29,561,578	26,274,084
Property income received		2,941,343	2,575,338
Contributions received from members & state		60,341,186	54,725,563
Cash receipt from the state share of benefits		2,500,820	9,346,409
Contributions from members other than PNGDF		786,953	3,488,220
Benefits paid to members		(68,755,069)	(63,774,545)
Cash payment to employees and suppliers		(17,276,186)	(18,892,399)
<i>Net cash flows from operating activities</i>		16,940,876	18,973,575
<i>Cash flows from investing activities</i>			
Proceeds from maturity of treasury bills		-	4,000,000
Purchase of treasury bills		-	(16,594,667)
Investment in convertible note		(5,000,000)	(10,000,000)
Purchase of property and equipment		(218,167)	(42,980)
Additions to investment properties		(2,549,963)	(7,107,557)
Investment in Toea Homes Limited		(1,535,788)	(3,884,923)
Proceeds from sale of unlisted shares		-	19,537,360
<i>Net cash flows used in investing activities</i>		(9,303,918)	(14,092,767)
<i>Net increase in cash and cash equivalents</i>		7,636,958	4,880,808
Cash and cash equivalents at the beginning of the year		71,467,755	66,586,947
Cash and cash equivalents at the end of the year	7	79,104,713	71,467,755
Full notes to the financial statements are provided beginning page 12.			

1. Description of the Fund

Defence Force Retirement Benefits Fund (the “Fund” or “DFRBF”) was established and recognized as a Superannuation Fund on 1 January 2003 pursuant to Section 8 of the Superannuation (General Provisions) Act 2000 and governed under the Defence Force Retirement Benefits Fund Act, Chapter 79 (DFRBF Act) with the repeal of Section 17 of the DFRB Act (provision through which the Fund was initially established on 31 December 2002). DFRBF was a Defined Benefit Fund until November 2015, when Parliament passed a bill allowing members to choose between the existing Defined Benefit and the newly established Defined Contribution (Accumulation) Fund. This has effectively changed the Fund from being a Defined Benefit Fund to be a hybrid Fund with both Defined Benefits and Defined Contribution (Accumulation) Schemes as at 1 January 2016.

The Trustee at balance sheet date is Comrade Trustee Services Limited (“CTSL” or “Trustee”). CTSL is licensed by the Bank of Papua New Guinea as the corporate Trustee for the DFRBF. As the licensed corporate Trustee it has ultimate legal responsibility for the prudent management and preservation of the Fund subject to the requirements of the Superannuation Act and governing rules of the Fund.

The Fund is operated for the purpose of providing benefits to members of the DFRBF who are also members of the PNG Defence Force on retirement and or to their families in the event of death and for related purposes. The objective of the Trustee is to ensure that the benefit entitlements of members and their declared beneficiaries are fully funded by the time they become payable.

Total membership for the Fund as at 31 December 2022 was:

	Accumulation Benefit Members	Defined Benefit Members	Total
Contributors	4,257	184	4,441
Pensioners	-	1,600	1,600

The fund administration and investment management functions were outsourced to and performed by Kina Investment & Superannuation Services Limited (KISS) and Frontier Equities respectively, in compliance with the Superannuation (General Provision) Act 2000.

The principal place of business of the Fund is:

*Comrade Trustee Services Limited
Level 1, Comrade Haus, Comrade Place
Off Frangipani Street, Hohola
Port Moresby, National Capital District
Papua New Guinea*

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements of Defence Force Retirement Benefits Fund (the “Fund”) have been prepared in accordance with the Superannuation (General Provisions) Act 2000, International Financial Reporting Standards (“IFRS”), the Companies Act 1997 and the Superannuation Prudential Standards issued by the Bank of Papua New Guinea.

2. Significant accounting policies (continued)

2.2 Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6. The principal accounting policies are set out below.

2.3 Summary of significant accounting policies

(a) Revenue recognition

The Fund's income items are recognised on an accrual basis and are presented in the Statement of Comprehensive Income.

Interest revenue

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

Dividend revenue

Dividend revenue from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Fund and the amount of income can be reliably measured).

For listed equity, this is usually the ex-dividend date. For unlisted equity securities, this is usually the date on which the shareholders approve the payment of a dividend.

Property rental income

Rental income from operating leases are recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

(b) Taxes

The Fund is exempted from paying income taxes on Capital gains and dividends. However, interest income received by the Fund is subject to interest withholding tax while rental income is fully taxable.

Income that is subject to such tax is recognised gross of the taxes and the corresponding withholding tax is recognised as tax expense

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the

2 Significant accounting policies (continued)

2.3 Summary of Significant accounting policy (continued)

(b) Taxes (continued)

amounts are those that are enacted or substantively enacted, at the reporting date in the countries where the Fund operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

2 Significant accounting policies (continued)

2.3 Summary of Significant accounting policy (continued)

(b) Taxes (continued)

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change.

The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(c) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated on the basis of straight line to write-off the cost of such assets to their residual values over their estimated useful lives as follows:

Furniture and fittings	15%
Motor vehicles	30%
Office equipment	20%
Renovations	10%
Software	33%

The asset's residual values and useful lives are reviewed and adjusted, if appropriate at each balance sheet date.

Profits or losses on disposal (being the difference between the carrying value at the time of sale or disposal and the proceeds received) are taken into account in determining operating profit for the year. Repairs and maintenance costs are charged to the profit and loss and other comprehensive income statement when the expenditure is incurred.

(d) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

Land and buildings, classified as investment property, are valued at 31 December 2022. In determining the fair value for financial reporting purposes, reference is made to the valuations performed by registered valuers ("the valuers") whose valuation reports indicate several methods that have been considered as a part of the valuation process and include methods such as capitalisation method, summation method and discounted cash flow method.

The valuations reports provided by the valuers are performed independently and the valuation methodology used takes into consideration the applicability of each methodology respectively with the type of assets being valued which are reflective of prevailing economic and market conditions to ensure that the values adopted are fair and appropriate for financial reporting purposes.

2 Significant accounting policies (continued)

2.3 Summary of Significant accounting policy (continued)

(d) Investment property (continued)

The registered valuers:

Registered Valuer	Properties
LJ Hooker	Defens Haus, Stop & Shop, Latitude 9, Ela Makana 1 & 2, Taurama and Comrade Haus

(e) Financial assets

i. Recognition and initial measurement

The Fund's financial assets are initially recognised at fair value through profit and loss (FVTPL) on acquisition. Other Financial Assets not recognised as FVTPL are recorded at cost. The classification depends on the purpose for which the investments are acquired. Management of the Trustee of the Fund determines the classification of its investments at initial recognition.

ii. Classification and subsequent measurement

With the introduction of IFRS 9 effective January 2018, financial assets are classified under the following three categories:

- financial assets at fair value through profit or loss (FVTPL);
- financial assets at fair value through other comprehensive income (FVOCI) and;
- amortized cost financial assets.

(1) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those assets managed for which their performance is evaluated on a fair value basis in accordance with the Fund's investment strategy.

The Fund after the introduction of IFRS 9 has maintained classifying its listed and unlisted equities under Financial Assets at Fair Value through Profit and Loss. These two-asset class basically met the "Other" business model test where they were not held for contractual cash flow or sale. The main purpose is for capital growth and dividends.

(2) Amortized cost

Financial assets held to maturity are non-derivative with fixed or determinable receipts and fixed maturities that the Fund's management has the positive intention and ability to hold to maturity. This includes government inscribed stocks (GIS).

A financial asset is measured at amortized cost if the business model requires holding assets to collect contractual cash flows and the term of contract will give rise on specified dates to cash flows that are Solely Payment of Principal & Interest (SPPI) and that it is not designated as at FVTPL.

The Funds' investment in GIS are classified as Amortized Cost as it is held to collect contractual cash flow. Upon settlement on specific dates in the future, the cashflow is "Solely Payment of Principal and Interest".

2 Significant accounting policies (continued)

2.3 Summary of Significant accounting policy (continued)
(e) Financial Assets (continued)

(3) Reclassifications

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

(4) Financial Liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. The Fund carries no Financial Liabilities as the Bank regulations do not allow for it.

iii. Fair value measurement

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

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Fund measures instruments quoted in an active market at a mid-price, because this price provides a reasonable approximation of the exit price.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Unlisted shares were independently valued as at 31 December 2020 as adopted by the Statutory Manager/Board. This valuation was performed by Price Waterhouse Coopers as an independent professional valuer. The methodology used in the analysis was a combination of future maintainable earnings, dividend yields and discounted cash flows of assets, respectively as appropriate to the shares including Toea Homes Ltd, a 100% subsidiary.

iv. Amortized cost measurement

The ‘amortised cost’ of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference.

2 Significant accounting policies (continued)

2.3 Summary of Significant accounting policy (continued)

(e) Financial Assets (continued)

v. Impairment of financial assets

Subsequent to the introduction of IFRS 9, the Fund recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

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

Loss allowances for receivables are always measured at an amount equal to lifetime ECL.

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

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

The Bank does not allow the Fund to issue loans to members and also does not allow interest bearing deposits with Financial Institutions that are not on the Bank's approved list. This mitigates the risk of possible impairments for the assets held at amortised cost. In addition, the Fund has K41.6 million out of its total assets of K645.9 million sitting as investments with the Bank through purchasing of the Government Inscribed Stocks. These have a high credit risk rating which further reduces the possible risk of impairments of these assets.

(f) Loans and impairment losses

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans originated by the Fund by providing money directly to the borrower are recognised as loans originated by the Fund and are carried at cost, which is defined as the fair value of cash consideration given to originate those loans as is determinable by references to market prices at origination date.

Third party expenses, such as legal fees, incurred in securing a loan are treated as part of the cost of the transaction.

The Fund does not issue or take loans as per Prudential Standards issued by the regulator, the Bank of Papua New Guinea.

(g) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including cash and term deposits.

2 Significant accounting policies (continued)

2.3 Summary of Significant accounting policy (continued)

(e) Financial Assets (continued)

(h) Foreign currency

Functional presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Kina, which is the Fund's functional and presentation currency.

Transactions and balances

Foreign exchange transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the transaction at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of changes in net assets.

(i) Changes in accounting policies and comparatives

No changes to accounting policies in the current year impacted the Fund. See details IFRS Standards in Note 2.4.

(j) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, including salary sacrifices, annual leave and long service leave, 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 wholly within 12 months are measured as the present value of the estimated future cash outflows to be made by the Fund in respect of services provided by employees up to reporting date.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. The employees of the Trustee of the Fund do not contribute to the Fund but to a different Superannuation Fund.

(f) Provisions

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that the Fund will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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.

2 Significant accounting policies (continued)

2.3 Summary of Significant accounting policy (continued)

(f) Provisions (continued)

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 reimbursement will be received and the amount of the receivable can be measured reliably.

(g) Goods and services tax

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

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(h) Payables

Trade payables and other accounts payable are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services.

2.4 Application of new and revised International Financial Reporting Standards (IFRSs)

(a) New Accounting Standards with impact on the Fund introduced in 2020.

The new and amended standards which are effective for annual periods beginning 1 January 2022 had no impact on the operations of the Fund in terms of its applications.

(b) Standards to be issued on and after 1 January 2023

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted, however, the Fund has not early adopted the new or amended standards in preparing these financial statements.

Effective on or after 1 January 2023
Amendments to IAS 1 <i>Classification of liabilities as current or non-current</i>
IFRS 17 Insurance Contracts
IFRS 9 <i>Financial Instruments</i>
Amendments to IAS 1 and IFRS Practice Statement 2 <i>Disclosure of Accounting Policies</i>
Amendments to IAS 8 <i>Definition of accounting estimates</i>
Amendments to IAS 12 <i>Deferred Tax related to assets and liabilities arising from a single transaction</i>
Amendments to IFRS 17 Initial application of IFRS 17 and IFRS 9 – Comparative Information
Amendments to IFRS 16 Lease liability in a sale and leaseback

3. Contribution arrangements

Defined Benefit scheme

Contributions are made to the Fund in accordance with Part IV of the DFRBF Act at 6% of members' gross salaries for member contributions while the employer (State) contribution is 60% of pension benefits or resignation benefits calculated based on a formula provided in the DFRBF Act on retirement of a member.

Accumulation scheme

Contributions are as per the provisions of the Superannuation Act where the employer pays 8.4% and employees 6% every pay period. Additional contribution is up to each contributing members by way of voluntary contributions.

Contribution Receipts

Member contributions

Contributions received from members are recognised on cash basis by way of bank credits from the Finance Department.

State (Employer) Contribution

Defined benefit scheme

Contributions from the state are recognised on an accrual basis, based on 60% of the benefits payments made to pension members on a monthly basis.

3 Contribution arrangements (continued)

Accumulation scheme

Employer contributions of 8.4% of gross salary are recognised when actually received by way of bank credits from the Finance Department.

4. Liability for accrued benefits under Defined Benefit

The liability for accrued benefits for Defined Benefit Scheme Members has been determined on the basis of the present value of the expected future payments that arise from membership of the Fund up to the measurement date. The figure reported has been determined by reference to the expected future salary levels and, by application of the market-based, risk-adjusted discount rate and relevant actuarial assumptions. The actuary (Mercer) undertook the valuation of accrued benefits for the Defined Benefit scheme as part of an actuarial review as at 31 December 2020. The actuarial investigation used an aggregate costing method, whereby the discounted values of future benefits were compared with the net assets of the Fund, plus the discounted value of contributions paid by the existing members only. No assumptions were made regarding new entrants. Detailed discussion of the review is provided in the 2020 actuarial report.

Significant assumptions applied in the actuarial report are as follows:

	<u>2020</u>	<u>2018</u>
Investment Yield	3%	6%
Salary Increase	6%	6%
Pension Increase	4%	4%
Pension Commutation	40%	40 %

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Accrued benefits were valued as part of a comprehensive review undertaken as at 31 December 2018 as follows:

	2020	2018
	K	K
Liability for accrued benefits	136,197,000	99,063,000
Net value of assets	347,423,000	331,418,000

The vested benefits are calculated as the total benefits payable if every contributor to the Fund left voluntarily at the review date as follows:

	2020	2018
	K	K
Liability for vested benefits	133,945,000	97,945,000
Net value of assets	347,423,000	331,418,000

4 Liability for accrued benefits under Defined Benefit (continued)

Net value of assets under Defined Benefit scheme for the purposes of the above disclosure is calculated as net asset value as at balance sheet reporting date for the period of review, the actuarial value of the pensions currently paid is as follows:

	2020	2018
	K	K
Total net assets available to pay benefits	618,845,000	571,856,000
Accumulation Fund	(271,422,000)	(240,438,000)
Net value of assets under Defined Benefit	347,423,000	331,418,000

The actuarial investigation indicated that 96 pensioners had suspended pensions. For the purpose of the valuation, suspended pensioners are valued as if they were alive and eligible to receive payment. The actuarial value of accrued benefits allocated to these suspended pensioners is K4.9 million which is 5% of the Fund's total actuarial value of accrued benefits. The Statutory Manager and the actuary are satisfied that, while the valuation approach will likely overestimate the liability for these suspended pensioners, it is a prudent approach, suitable for the purpose of the actuarial investigation.

In addition, inactive contributors are assumed to ultimately be deemed to have continuous full-time service for benefit purposes despite a period of inactivity. In practice, the vast majority of inactive contributors receive a return of member contributions rather than a pension. If the actuarial report assume that all inactive contributors receive a return of member contribution balances only, a lower liability will result, as shown in the sensitivity below:

	Value	Difference from member contribution balances	Proportion of Fund's total liabilities
Member contribution balances	1,299,000		
Vested benefits	2,710,000	+1,411,000	1%
Actuarial value of accrued benefits	3,622,000	+2,323,000	2%

Although the actuarial report is prepared as at 31 December 2020, in terms of the requirements of Section 24 of the Defence Force Retirement Benefits Act, Chapter 76, the next actuarial investigation of the fund should be carried out no later than 31 December 2023 for the year ending 31 December 2022.

5. Liability for accrued benefits under Accumulation Scheme

Under the Accumulation Scheme, the Fund's liability does not include the State component of the enhancement value and interests at the time of the transfer from the Defined Benefit Scheme to the Accumulation Scheme and annual interest credited to the members annually on those balances.

The Fund is only liable to pay the 6% component of the member's contribution, the Fund's enhancement values and interest earned at the time of transfer in addition to the interest and contributions received after the transfer to the date of exit from the Fund. This liability is limited to the AC scheme net asset of K271 million (see note 14.1(ii)).

6. Critical accounting estimates and judgments

Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Valuation of investment properties

The Fund has adopted the fair value approach in determining the carrying value of its investment properties. In determining the fair value for financial reporting purposes, reference is made to the valuations performed by registered valuers ("the valuers") whose valuation reports indicate several methods that have been considered as a part of the valuation process and include methods such as capitalization method, summation method and discounted cash flow method. The valuation reports provided by the valuers are performed independently and the valuation methodology used takes into consideration the applicability of each methodology respectively with the type of assets being valued which are reflective of prevailing economic and market conditions to ensure that the values adopted are fair and appropriate for financial reporting purposes.

Valuation of financial assets and liabilities

The Fund carries most of its non-quoted financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, i.e., foreign exchange rates, interest rates, and volatility rates, the amount of changes in fair value would differ if the Fund utilised a different valuation methodology. Any changes in fair value of these financial assets and liabilities would affect profit or loss and equity. (See note 2.3,e,iii).

Receivable from the State

The State owes significant debts to the Fund in relation to:

- (1) State's share of the Accumulation (AC) member exit payments. This component is not reflected in the Fund's accounting records until it is received;
- (2) The balance of the initial AC members crystalized liability paid by the Fund
- (3) State's share of the Defined Benefits (DB) member payments including the fortnightly pensions; and
- (4) Interest accrued on the outstanding payments.

Management continuously assesses the recoverability of these receivables considering the nature of the debt, past history, likelihood of settlement and any relevant information available to management.

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These are then communicated to the Board of Directors. The Board of Directors considers the State's share of exit payments receivable to be fully recoverable.

As at 31 December 2022, the State owes the Fund K11.6 million (Refer to Note 8) in respect of the State's share of members' benefits payments made by the Fund for both the AC and DB schemes.

The Fund pays pensions and commutations to eligible DB members on behalf of the State. Since 2018, the Fund has also made a one-off State share benefit payment to AC members who have retired on behalf of the State. The Fund recognizes these payments as receivables when invoiced to the State. All outstanding payments in respect of these invoices attract penalty interest of 5% plus the Treasury bill rate as at the end of each month.

As at 31 December 2022 the State's crystallised liability due for settlement to AC members who have since resigned and exited the PNG Defence Force stands at K12.4 million out of a total of K232.9 million owed to the AC members. This balance does not include the current year's interest. The Fund is not obliged to pay on behalf of the State and this liability is not recognised in the books of the Fund until the State releases money into the Fund.

7. Cash and cash equivalents

	2022	2021
	K	K
Cash on hand	1,077	2,000
Cash in banks	42,829,000	40,592,414
Term deposits with original maturity less than 90 days	36,274,636	30,873,341
	79,104,713	71,467,755

8. Receivables from State

	2022	2021
	K	K
State's share on benefit payments	11,585,838	6,181,936
	11,585,838	6,181,936

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9. Financial assets

9.1 Financial assets at fair value through profit or loss

	Note	2022 K	2021 K
Listed shares	23.1.1	225,447,010	229,203,133
Unlisted shares	23.1.2	90,733,000	93,011,000
		316,180,010	322,214,133

9.2 At Amortized Cost

	Note	2022 K	2021 K
Government Inscribed stock	23.2	41,792,448	41,605,949
Convertible note in HBS	23.2	18,937,452	10,430,000
		60,729,900	52,035,949

In 2021, HBS (PNG) Ltd issued a K10 million convertible note to the Fund. Interest is payable at a rate of 8% per annum, accruing daily from the issue date up to and including the date on which the convertible notes are converted or redeemed in accordance with the agreement. The Fund will have the option to convert the Convertible Notes into shares upon the occurrence of a liquidity event (IPO, trade sale, capital raising).

In 2022, the Fund purchased an additional K5 million convertible note from HBS (PNG) Ltd with similar terms.

Government inscribed stocks are held to their maturity which varies between 2023 and 2031. Interest ranges from 8.5% to 12%.

GIS and convertible note from HBS are carried at amortised costs in accordance with IFRS 9.

9.3 Change in value of financial assets

	2022 K	2021 K
<i>The amount comprises of:</i>		
Net fair valuation gain/(loss) for listed financial assets at fair value through profit or loss	(3,756,123)	7,371,430
Net fair valuation gain/(loss) for unlisted financial assets at fair value through profit or loss	(2,278,000)	356,000
Net gain movement for amortised cost assets	3,016,224	311,860
Gain/(loss) on change in fair value through profit and loss	(3,017,899)	8,039,290

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10. Investment properties

	2022	2021
	K	K
Balance at beginning of financial year	165,244,903	172,490,403
Additions	2,549,962	7,107,557
Net loss from fair value adjustments	(3,240,015)	(14,353,057)
Balance at end of financial year	164,554,850	165,244,903

The fair value of the Fund's investment properties as at 31 December 2022 has been arrived at by considering valuation assessments carried out by LJ Hooker Real Estate (2021: Century 21 Real Estate) which is an unrelated entity to the Trustee and having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuer provided the fair value of the Fund's investment property portfolio every year.

Investment property comprises a number of commercial and residential properties that are leased to third parties as follows:

Investment Property	Valuation Basis	Value as at 31 December 2022	Value as at 31 December 2021
		K	K
Comrade Haus	Capitalization	18,400,000	18,362,261
Defens Haus	Capitalization	47,000,000	47,222,885
SNS Boroko	Capitalization	8,600,000	8,600,000
Taurama Commercial Land	Direct Comparison	47,981,000	47,981,000
Taurama Commercial WIP	Cost	17,178,850	17,078,757
Ela Makana 1 Residential House	Direct Comparison	5,705,000	6,000,000
Ela Makana 2 Apartment	Direct Comparison	10,690,000	11,000,000
Latitude 9 Apartment	Direct Comparison and depreciated replacement cost	9,000,000	9,000,000
		164,554,850	165,244,903

10 Investment properties (continued)

Fair values were determined using present value cash flows, having regard to current market characteristics for similar properties located in Papua New Guinea. In the current year, Statutory Manager assessed that the carrying value of the investment properties are fairly stated.

Measurement of fair value, fair value model and significant unobservable inputs

Information about how the fair values of the Fund's investment properties are determined (in particular, the valuation method(s) and inputs used) is detailed as follows:

Direct capitalisation is a fair valuation model, which considers the annual gross income of the property adjusted for vacancies and expenses. The net operating income is divided by a capitalisation rate. The capitalisation rate is derived from comparable markets transactions and adjusted for certain property specific characteristics such as the physical deterioration of the property and its location (prime or secondary). Key unobservable input includes the capitalisation rates of 10% - 11% (2020: 10.5% - 11%), vacancy rates of 10% - 15% (2020: 10% - 15%) and outgoings of 10% - 15% (2020: 10% - 15%). The estimated fair value would increase or decrease if capitalization rate, vacancy rate or outgoings will be higher or lower.

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Operating lease arrangements

Operating leases, in which the Fund is the lessor, relate to investment property owned by the Fund with lease terms of between 1 to 3 years, usually with an extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Fund, as they relate to property which is located in a location with a constant increase in value over the last 3 years. The Fund did not identify any indications that this situation will change. Rental income earned from investment properties and costs of property operations recognized are disclosed in note 16.

11. Other assets

	2022	2021
	K	K
GST tax receivable	4,673,568	3,952,366
Debtors – Corporate	999,356	794,010
Accrued interest:		
Term deposits and Government Inscribed Stock	1,083,836	1,110,798
Prepayments	358,711	129,564
Sundry debtors	66,541	490,904
Total	7,182,012	6,477,642
Less: specific allowance for losses	-	-
	7,182,012	6,477,642
<p>GST receivable represents credits sitting in CTSL books. This has accumulated over time as GST credits received, in particular those on investment projects, surpassed the GST payable collected from the Fund's rental income. Dividends and interest income do not attract GST while capital gain is exempt from tax.</p>		

12. Income taxes

12.1 Income tax expense recognised in profit or loss

	2022	2021
	K	K
<i>Comprising:</i>		
Current tax	-	-
Current tax: Uncertain tax provision	3,500,000	-
Deferred tax: Current year charge	336,507	201,324
Income tax expense	3,836,507	201,324

The financial statements include a tax charge of K3.5 million which relates to provision for tax assessments relating to previous years. The Fund is not in agreeance with the assessments and has filed an objection which is currently pending with the tax authorities. The Board of Directors believes that the recorded provision is reasonable as at 31 December 2022.

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12.2 The tax expense for the year can be reconciled to the accounting surplus as follows:

Note	2022 K	2021 K
Income Tax expense		
Profit before tax	19,136,493	10,947,624
Income tax expenses calculated at 25%	4,784,123	2,736,906
Tax effect of permanent differences	1,825,594	814,456
Dividends rebate	(6,408,900)	(3,381,738)
Uncertain tax provision	3,500,000	-
Under/(over) provision in prior year	135,690	31,700
Income tax expense	3,836,507	201,324

12.3 Deferred tax recognised during the year

(a) Deferred tax assets	K	K	K	K
	Opening balance	Prior Year adjustments	Recognised in P&L	Closing balance
2022				
<i>Temporary difference</i>				
Accruals	17,589	-	57,783	75,372
Employee benefits	131,714	-	61,231	192,945
Depreciation	107,343	-	(107,343)	-
	256,646	-	11,671	268,317
2021				
<i>Temporary difference</i>				
Accruals	60,557	-	(42,968)	17,589
Employee benefits	102,195	-	29,519	131,714
Depreciation	121,959	-	(14,616)	107,343
	284,711	-	(28,965)	256,646

(b) Deferred tax liabilities	K	K	K	K
	Opening balance	Prior Year adjustments	Recognised in P&L	Closing balance
2022				
<i>Temporary difference</i>				
Interest receivable	390,325	-	344,866	735,191
Depreciation	-	-	3,314	3,314
	390,325	-	348,180	738,505
2021				
<i>Temporary difference</i>				
Interest receivable	189,979	-	200,346	390,325
Prepaid insurance	27,089	-	(27,089)	-
	217,068	-	173,257	390,325

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12.4 Current tax asset

	Note	2022 K	2021 K
Withholding tax		916,139	4,164,948
Income tax provision		109,228	(555,720)
		1,025,367	3,609,228

13. Other liabilities

	Note	2022 K	2021 K
Members unclaimed monies & State accumulation scheme funding ¹		15,470,664	16,013,447
Payable to Nambawan ³		4,275,173	3,488,220
Creditors		-	93,073
BPNG Licence fees		536,890	522,375
Fund investment and administration		210,757	322,713
Tenants advance rentals & security bonds		754,442	1,242,046
Wages and salary tax ²		208,330	1,743,475
Audit fees		301,489	30,679
Other accruals		259,363	39,675
		22,017,108	23,495,703

¹This reflects the crystallised balance of AC members due and payable pending further details from AC members. Also included here are the returned funds and unallocated funds pending confirmation of details for allocation.

²Wages and salary tax represents tax relating to staff and members benefits tax due and payable.

³In 2021, the Fund took responsibility of Accumulation Accounts from other entities other than PNGDF, which were previously administered by Nambawan Super. Per the Central Bank's directive, DFRBF is a closed fund limited only to member of PNGDF. The Fund was then directed to return all its superannuation contributions other than PNGDF back to Nambawan Super. As at 31 December 2022, the contributions were yet to be transferred to Nambawan Super.

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14. Net assets available to pay benefits

14.1 Statement of Members Funds

Members funds	Note	2022 K	2021 K
(i) - Defined Benefit			
Balance at beginning of year		344,848,379	347,423,375
Operating results (Note 14.2)		8,567,992	6,032,973
Net assets Available to pay Defined Benefits		353,416,371	353,456,348
Contributions received	18.2.1	7,734,143	8,308,752
Benefits paid	18.1.1	(15,817,756)	(16,916,721)
Net assets Available to pay Defined Benefits at the end of the year		345,332,758	344,848,379
(ii) - Accumulation Benefit			
Balance at beginning of year		270,192,929	271,421,676
Operating results (Note 14.2)		6,731,994	4,713,327
Net assets Available to pay Accumulation Benefits		276,924,923	276,135,003
Contributions received	18.2.2	24,201,043	22,509,756
Benefits paid	18.1.2	(16,123,678)	(28,451,830)
Net assets Available to pay Accumulation Benefits at the end of the year		285,002,288	270,192,929
Comprising of:			
Members Accounts – opening balance		270,105,912	271,421,676
Movements for the year		8,077,365	(5,942,074)
Interest allocation		6,334,135	4,626,310
Members Accounts – closing balance		284,517,412	270,105,912
Reserve*		484,876	87,017
Total Accumulation Members Funds		285,002,288	270,192,929
(iii) - Total Members Funds			
Defined Benefits		345,332,758	344,848,379
Accumulation Benefits		285,002,288	270,192,929
Total Members Funds		630,335,046	615,041,308

Defence Force Retirement Benefits Fund
Notes to the financial statements
For the year ended 31 December 2022

14 Net assets available to pay benefits (continued)

14.2 Apportioning of Net Operating Surplus

The Fund's actuary provided the accounting apportioning basis for allocating revenue and cost from the investment and administrative operations to determine the net operating profit under each scheme.

The opening net assets under each scheme (as a percentage of the total opening net assets) has been used as the basis for apportionment.

	Total K	Accumulation Benefit K	Defined Benefit K
Income	32,542,855	14,318,856	18,223,999
Expenses	(13,406,362)	(5,898,799)	(7,507,563)
Tax	(3,836,507)	(1,688,063)	(2,148,444)
Net operating income from operations	15,299,986	6,731,994	8,567,992
Accounting apportioning ratios	100%	44%	56%

15. Interest income

	Note	2022 K	2021 K
Interest income is earned from the following assets:			
Financial assets at amortised cost		4,508,274	4,229,575
Cash and short-term funds		3,009,704	1,001,330
		7,517,978	5,230,905

16. Property income net of property expenses

	Note	2022 K	2021 K
Rent		7,581,429	6,711,755
Less: - Agent management expense		(85,959)	(156,994)
- Other property expenses		(4,554,127)	(3,979,423)
		2,941,343	2,575,338

17. Loss on sale of financial assets

	2022 K	2021 K
Loss on sale of unlisted investments	-	703,640
	-	703,640

Defence Force Retirement Benefits Fund
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18. Contributions Received and Benefits Paid in detail

		2022	2021
	Notes	K	K
18.1 Benefits Paid			
18.1.1 Defined Benefit Scheme			
Pension and back pension		15,693,321	16,884,098
Refunds		104,435	21,776
Housing Advance Benefit Payments		20,000	10,847
Total Defined Benefits Payment		15,817,756	16,916,721
18.1.2 Defined Accumulation Scheme			
Normal benefits paid		13,204,743	26,474,969
Unemployment benefits paid		8,493	18,671
Housing Advance Benefit Payment		2,910,442	1,958,190
Total Defined Accumulation Payments		16,123,678	28,451,830
18.1.3 Total Benefits paid			
Defined Benefit Scheme		15,817,756	16,916,721
Defined Accumulation Scheme		16,123,678	28,451,830
Total Benefits Paid		31,941,434	45,368,551
18.2 Contributions from members and state	Notes	2022	2021
		K	K
18.2.1 Defined Benefit Contribution			
State share of contributions towards defined benefits payments		7,405,193	8,082,891
Defined Benefits Scheme Members 6% contribution		278,852	200,193
Housing Repayments		50,098	25,668
Total Defined Benefits Contribution		7,734,143	8,308,752
18.2.2 Defined Accumulation Contribution			
State 8.4% Contribution to Accumulation Scheme Members		14,857,841	10,576,810
Members 6% Employee Contributions		8,946,472	11,749,440
Housing Repayments		396,730	183,506
Total Defined Accumulation Contribution		24,201,043	22,509,756
18.2.3 Total Contribution			
Defined Benefit Scheme		7,734,143	8,308,752
Defined Accumulation Scheme		24,201,043	22,509,756
Total Contribution Receipts		31,935,186	30,818,508

Defence Force Retirement Benefits Fund
Notes to the financial statements
For the year ended 31 December 2022

19. Trustee administration and management expenses

	Note	2022 K	2021 K
Staff expenses	19.1	4,858,163	4,529,460
Operating lease		1,226,795	1,086,713
Depreciation		528,946	1,068,336
Software cost		160,933	104,237
Other administrative expenses	19.2	4,354,928	5,781,363
		11,129,765	12,570,109
A portion of CTSL's annual administrative costs are transferred to THL based on approved apportioning rates.			

19.1 Staff expenses	2022 K	2021 K
Salaries and wages	3,108,836	3,128,059
Sacrifice - accommodation	590,891	581,191
Training	34,157	333,918
Sacrifice – airfare	117,593	136,705
Sacrifice – school fee	120,645	124,589
Insurance – medical	85,477	55,352
Other staff expenses	800,564	169,646
	4,858,163	4,529,460
There were 35 employees at the end of the year (2021: 34).		

19.2 Other administrative cost	2022 K	2021 K
Details of other administrative expenses follow:		
License fee ²	551,406	481,918
Insurance	439,539	710,537
Office expense	150,866	601,301
Professional fees:		
Audit services ¹	886,554	365,920
Tax	77,440	40,000
Consulting	793,068	1,606,258
Legal	136,844	87,460
Other	17,040	-
Telephone	163,198	246,169
Internet service provider	215,026	236,813
Printing and stationery	154,532	225,714
Member services awareness	316,463	261,235
Electricity	87,130	152,864
Advertising	97,581	146,504
Board of Trustee expenses	-	-
Sundry expenses	268,241	618,670
	4,354,928	5,781,363
¹ External Audit Service Fee is K185,000 while balance relates to additional out of scope. ² Licence fee directly relates to Bank of PNG annual licence fee renewal.		

Defence Force Retirement Benefits Fund
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20. Fund administration and investment management fees

	2022	2021
	K	K
Fund administration fee	988,810	916,947
Investment management fee	1,287,787	1,558,048
	2,276,597	2,474,995

21. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The receivable from Toea Homes Ltd is unsecured, interest free and does not have a pre-determined payment term.

21.1 Toea Homes Limited

	2022	2021
	K	K
Related party receivable from THL	12,586,136	11,050,348

Toea Homes Limited (THL) is a wholly owned subsidiary of CTSL and was formed as a vehicle to manage the CTSL member home ownership scheme. THL is focused on developing a home ownership scheme for members of the Fund. The investment in THL is recorded at market value and is carried at K61,490,000 (2021: K61,743,000).

THL, being a 100% subsidiary of Comrade Trustee Services Ltd, is under Statutory Management per Section 59 of the Superannuation General Provision Act 2000.

21.2 Key management personnel remuneration specified in aggregate in the year 2022

	2022	2021
	K	K
Salary	2,127,992	2,081,902
Non-monetary ⁽ⁱ⁾	871,957	856,835
Superannuation		
- Employer	220,610	241,118
	3,220,559	3,179,855

(i) This pertains to the actual housing and other salary sacrificed allowances paid to suppliers as benefits to employees.

21 Related Party transactions (continued)

21.3 Board of Directors remuneration during the year

	2022	2021
	K	K
Board remuneration*	-	-
*2022 and 2021 board remuneration is nil. The fund is under Statutory Management until February 2022.		

21.4 Other related party transactions

In 2015, the Fund acquired 5.25 million shares of Kina Securities Limited (KSL) at Initial Public Offering. KSL provides Fund Administration services to the Fund, through its 100% owned subsidiaries Kina Investment & Superannuation Services. Related fees paid are disclosed in Note 20.

During the 2022 financial year, the Fund earned interest on term deposits of K190,947 (2021: K327,997) while term deposits placed with Kina Finance Limited amounted to nil (2021: K20,143,864). The Fund also received dividends amounting to K2,291,803 (2021: K1,996,162) and generated unrealised capital gain of K144,257 (2021: K2,075,666) from its investment in KSL.

22. Financial risk management

The Fund's strategy focuses on two primary objectives: to maximize long term Fund returns and to manage and control business and investment risks. This strategy inherently requires the Fund to pursue a balanced investment strategy which seeks capital growth over the medium to long term with moderate income streams.

All investment undertaken must balance risk against returns. In other words, the investment strategy pursued must determine a mix of growth and defensive assets that best suits the needs of the members.

The Fund can achieve better returns through disciplined application of a good investment process, one that is based on the analysis of investment fundamentals followed by an assessment of relative value.

The Fund is exposed to liquidity risk, interest rate risk, foreign exchange risk, credit risk, government security risk and country risk.

22.1 Liquidity risk

The Fund invests the majority of the assets in investments that are traded in an active market.

The Fund holds securities that are listed on both the Port Moresby Stock Exchange and the Australian Stock Exchange. Those securities that are listed on the Australian Stock Exchange are considered readily realizable while those listed on the Port Moresby Stock Exchange are not as the potential buyers may not be readily available at the point of sale.

The liabilities of the Fund are long term in nature and are well structured in terms of benefits comprising of a mix of a pension commutation and a fortnightly pension payable throughout the life-time of the member. The Fund is not exposed to liquidity risk arising from interest bearing financial liabilities.

22 Financial risk management (continued)

22.2 Government security risk

The Fund has a significant exposure to the State through its holding of government inscribed stocks (Note 9.2) and through State contributions towards benefit payments (Note 8).

22.3 Country risk

To the extent that the Fund holds funds in foreign jurisdictions, a variety of risks may arise in addition to foreign exchange risk – such as changes in local economic condition, local regulatory requirements or non-transparent governance arrangements. The Fund's investments in foreign jurisdictions have been primarily in Australia as follows:

	2022	2021
	K	K
Listed securities (FVTPL)	59,140,987	65,298,335
Monetary financial assets (cash and cash equivalents)	20,110,910	19,298,507
Total	79,251,897	84,596,842

22.4 Interest rate risk

The majority of the Fund's financial assets and liabilities are non-interest bearing; as a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash equivalents are invested at short-term market interest rates.

The table in the following page summarizes the Fund's exposures to interest rates risk along with discounted contractual maturity profiles of financial assets and liabilities.

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22.4 Interest rate risk (Continued)

	Weighted average interest rate	Up to 1 Year K	1 to 5 Years K	Over 5 Years K	Non- interest bearing K	Total K
31 December 2021						
<i>Assets</i>						
Cash and cash equivalents	1.10%	79,104,713	-	-	-	79,104,713
Amount receivable from State	6.40%	-	11,585,838	-	-	11,585,838
Financial assets: at:						
FVTPL					316,180,010	316,180,010
Amortised Cost	9.18%	-	46,937,452	13,792,448		60,729,900
Other assets	-	-	-	-	2,508,444	2,508,444
<i>Liabilities</i>						
Other liabilities	-	-	-	-	(21,808,778)	(21,808,778)
Liquidity and interest sensitivity gap		79,104,713	58,523,290	13,792,448	296,879,676	448,300,127
	Weighted average interest rates	Up to 1 Year K	1 to 5 Years K	Over 5 Years K	Non-interest bearing K	Total K
31 December 2021						
<i>Assets</i>						
Cash and cash equivalents	0.86%	71,467,755	-	-	-	71,467,755
Amount receivable from State	6.34%	-	6,181,936	-	-	6,181,936
Financial assets:						
FVTPL	-	-	-	-	322,214,133	322,214,133
Amortised cost	9.18%	-	32,000,000	20,035,949	-	52,035,949
Other assets	-	-	-	-	2,395,712	2,395,712
<i>Liabilities</i>						
Other liabilities	-	-	-	-	(21,752,228)	(21,752,228)
Liquidity and interest sensitivity gap		71,467,755	38,181,936	20,035,949	302,857,617	432,543,257

22 Financial risk management (Continued)

22.5 Foreign currency exchange risk

The Fund holds monetary assets denominated in currencies other than Kina, the functional currency. The Fund is therefore exposed to currency risk, in regards to assets denominated in foreign currency due to changes in exchange rates.

The table below summarizes Fund's exposure to currency risks.

<i>Currency</i>	2022 K	2021 K
PGK Value of overseas currency denominated in AUD	16,342,009	15,594,715
PGK Value of overseas currency denominated in USD	3,768,901	3,703,792
	20,110,910	19,298,507

Assuming that the impact of currency fluctuation is asymmetric, a 100 basis points shift in currencies in either direction would impact the profit or loss by K201,209 (2021: K192,985).

22.6 Fair values of financial assets and liabilities

(a) Fair value versus carrying values

Financial assets other than held to maturity investments and other assets that are carried at amortised cost comprising of investments at fair value through profit or loss and available for sale investments are measured at fair value and carrying values are disclosed in the statement of net assets.

Management and the Statutory Manager are of the opinion that the fair values of the following financial assets and liabilities approximate their carrying values as these are short dated instruments carried at amortised cost such as cash and cash equivalents, receivable from State and related party and other assets and liabilities. Carrying values of the financial instruments are disclosed in the statement of net assets

(b) Fair value hierarchy

Subsequent to initial recognition, the Fund uses the fair value hierarchy in determining the fair value of its available-for-sale financial assets, financial assets at fair value through profit and loss ("FVTPL") and financial liabilities at FVTPL. The fair value hierarchy groups the financial instruments into Levels 1 to 3 based on the degree to which the fair value is observable.

When measuring the fair value, the Fund uses observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

22 Financial risk management (Continued)

22.6 Fair values of financial assets and liabilities (Continued)

(b) Fair value hierarchy (Continued)

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below presents the basis of determining the fair value of each class of the Fund's financial instrument measured at fair value subsequent to initial recognition. There were no transfers between level 1, level 2 and level 3 during the year.

Level 3 investments identified below consist of unlisted shares (Refer note 9.1). The unlisted shares are stated at fair value, which are based on external valuation reports provided by independent experts. The main methodologies in determining the fair value of unlisted equities are based on capitalisation of earnings, capitalisation of dividends, net tangible assets and discounted cash flows. It is appropriate to consider all of the above methods in arriving at a fair value.

	Level 1 K	Level 2 K	Level 3 K	Total K
31 December 2022				
At fair value through profit or loss	225,447,010	-	90,733,000	316,180,010
Total	225,447,010	-	90,733,000	316,180,010
31 December 2021				
At fair value through profit or loss	229,203,133	-	93,011,000	322,214,133
Total	229,203,133	-	93,011,000	322,214,133

22.7 Credit risk

The Fund is exposed to credit risk primarily through the balances it holds with banks, receivable from State and related party, investments in government inscribed stocks and other financial assets. The maximum exposure to credit risk is limited to the extent of the carrying values of these assets which are disclosed in the statement of net assets. The Fund manages credit risk by dealing with reputed counterparties including financial institutions and the government and closely monitors receivables that are past due and the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

22 Financial risk management (Continued)

22.8 Equity price risk

The Fund is exposed to equity price risk mainly through its investments in listed shares that are listed in the stock exchanges in PNG and in Australia. The exposure to equity price risk is as follows:

	2022	2021
	K	K
<i>At fair value through profit or loss</i>		
Listed securities in PNG	166,306,023	163,904,798
Listed securities in Australia	59,140,987	65,298,335
Total	225,447,010	229,203,133
Assuming that the impact of equity price volatility is asymmetric, a shift in indices by 1% in either direction would impact the profit or loss by K2,254,470 (2021: K2,292,031).		

23. Detailed listing of financial assets held by the Fund

23.1 Financial assets at fair value through profit or loss

23.1.1 Listed shares

	Market Value	Shareholdin	Market Value	Sharehold	Movements
	2022	g as a % of	2021	ing as a %	
	K	net assets of	K	of net	K
Companies		the Fund		assets of	
				the Fund	
Bank South Pacific	154,579,605	24.52%	152,586,637	24.81%	1,992,968
City Pharmacy	2,448,075	0.39%	2,448,075	0.40%	-
Santos Limited	12,329,268	1.96%	10,523,594	1.71%	1,805,674
Kina Asset Management Ltd	5,426,027	0.86%	5,154,726	0.84%	271,301
Credit Corporation	3,852,316	0.61%	3,715,361	0.60%	136,955
Newcrest Mining Ltd	1,289,455	0.20%	1,900,129	0.31%	(610,674)
Vanguard International Shares Index Fund	27,788,393	4.41%	35,284,998	5.74%	(7,496,605)
Kina Securities Ltd	17,733,871	2.81%	17,589,613	2.86%	144,258
	225,447,010	35.77%	229,203,133	37.27%	(3,756,123)

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23 Detailed listing of financial assets held by the Fund (continued)

23.1.2 Unlisted shares

	Market Value 2022	Shareholding as a % of net assets of the Fund	Market Value 2021	Shareholding as a % of net assets of the Fund	Movements
Companies	K		K		K
Toyota Tsusho (PNG) Ltd*	11,216,000	1.78%	9,492,000	1.54%	1,724,000
Post Courier Limited*	2,260,000	0.36%	2,339,000	0.38%	(79,000)
South Pacific Brewery Limited*	15,767,000	2.50%	19,437,000	3.16%	(3,670,000)
Toea Homes Limited**	61,490,000	9.76%	61,743,000	10.04%	(253,000)
TOTAL	90,733,000	14.39%	93,011,000	15.12%	(2,278,000)
<p>Unlisted equity investments are valued by the Fund based on the independent valuations by Pricewaterhouse Coopers (PwC) using net asset approach and capitalisation of maintainable earnings approach. Management adopted the mid end of the range in 2022 (2021: mid end of the range).</p> <p>*The fair value of these entities were arrived at using capitalisation of earnings approach.</p> <p>**The fair value of THL was determined using the net assets approach. THL was the recipient of a state grant at the end of the year which resulted in an increase in the THL's net assets which is offsetted by loss incurred during the year. State grant represents land granted to the entity for the development of a housing project.</p>					

23.2 Government Inscribed Stock and Convertible note

	2022 K	2021 K
Beginning balance	52,035,949	29,487,377
Purchases during the year	5,000,000	26,594,667
Maturity during the year	-	(4,000,000)
Adjustments through P&L	3,693,951	(46,095)
Ending balance	60,729,900	52,035,949

24. Audit fees

The independent external audit firm is KPMG. The audit fees for the audit of the financial statements are disclosed in Note 19.2.

25. Contingent liabilities and commitments

Statutory Management has approved a 2022 capital budget which includes a K14.8 million commitment for the Defens Haus Upgrade and Modernization Program. As of 31 December 2022, K7.4 million was spent on the project.

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The Fund also has contingent liabilities arising from its ordinary activities which are either pending decision by the courts or being contested, the outcome of which is not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these claims, if any, is currently not determinable and is not expected to have a material adverse effect on the financial statements. There were no other contingent liabilities as at 31 December 2022, other than mentioned above.

26. Statutory Management

In 2019, the Bank of Papua New Guinea (Bank), acting in accordance with its and responsibilities under the Superannuation (General Provisions) Act 2000 (the Act, SGPA) appointed a Statutory Manager. The appointment was effective July 29, 2019.

In January 2022, the Statutory Manager was arrested on the following grounds:

1. Statutory Manager illegally and without due authority facilitated a payment by the Fund to the IRC for which he was personally liable.
2. Statutory manager with the intent of misleading the Fiji tax office engineered the creation of a false pay slip, and a letter containing fraudulent misrepresentations to indicate he was paying taxes in PNG when he in fact was not.

The Statutory Manager has since been terminated by the Bank and a new Statutory Manager has been appointed. An independent investigator, independent of the Fund and the Bank, has also been appointed.

As at the date of this report, the case has been committed for hearing in the National Court and is pending trial. Management believes that the outcome of these proceedings will not give rise to any significant loss. Other information required by IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, are not disclosed as they may seriously prejudice the Fund's position.

The new Statutory Manager's term lapsed on 2 February 2023 at which time an interim board of directors was appointed for a period of six months. The interim board of directors is required by the Bank to appoint a permanent board by the conclusion of its tenure on 3 August 2023.

27. Events after balance sheet date

Effective 3 February 2023, an interim Board of Directors has been appointed as follows:

Name	Executive/non-executive director
Michelle Hau'ofa	Non-executive director
Chetan Chopra	Non-executive director
Fiu Williame-Igara	Non-executive director
Commodore Philip Poleware	Non-executive director
Colonel Fred Aile	Non-executive director

There were no other events that occurred after 31 December 2022, the balance sheet date, other than what has been disclosed in the notes to the financial statements that would require an adjustment or disclosure in the financial statements.

28. Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on 4 May 2023.

Corporate Directory

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MANAGEMENT

Charlie Gilichibi

Chief Executive Officer

Seno Wekina

Company Secretary/General Manager Legal

Freddy Manihoru

General Manager Member Services

Jackraho Morea

General Manager Finance

Mark Kanawi

General Manager Investments

Darusilla Musi

General Manager Human Resource & Admin

INDEPENDENT EXTERNAL AUDITOR

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Comrade Trustee Services Limited

Defence Force Retirement Benefits Fund

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