



# ANNUAL REPORT

PP# - 92/23

**2022**







## OUR VISION

- To be a Premier Rice Miller

## OUR MISSION

- To see a revitalized sustainable rice industry in Fiji.

## OUR VALUES

- Success: We want to be successful in every aspect of operation;
- Integrity: Our honesty will never be compromised;
- Reliability: We can be relied upon and so we rely on all other stakeholders;
- Accountability: We are accountable for all our actions;
- Quality: We will not compromise the quality in our operations and products;
- Team Work: We believe that it is important aspect of business either internally or externally.

## OUR OBJECTIVES

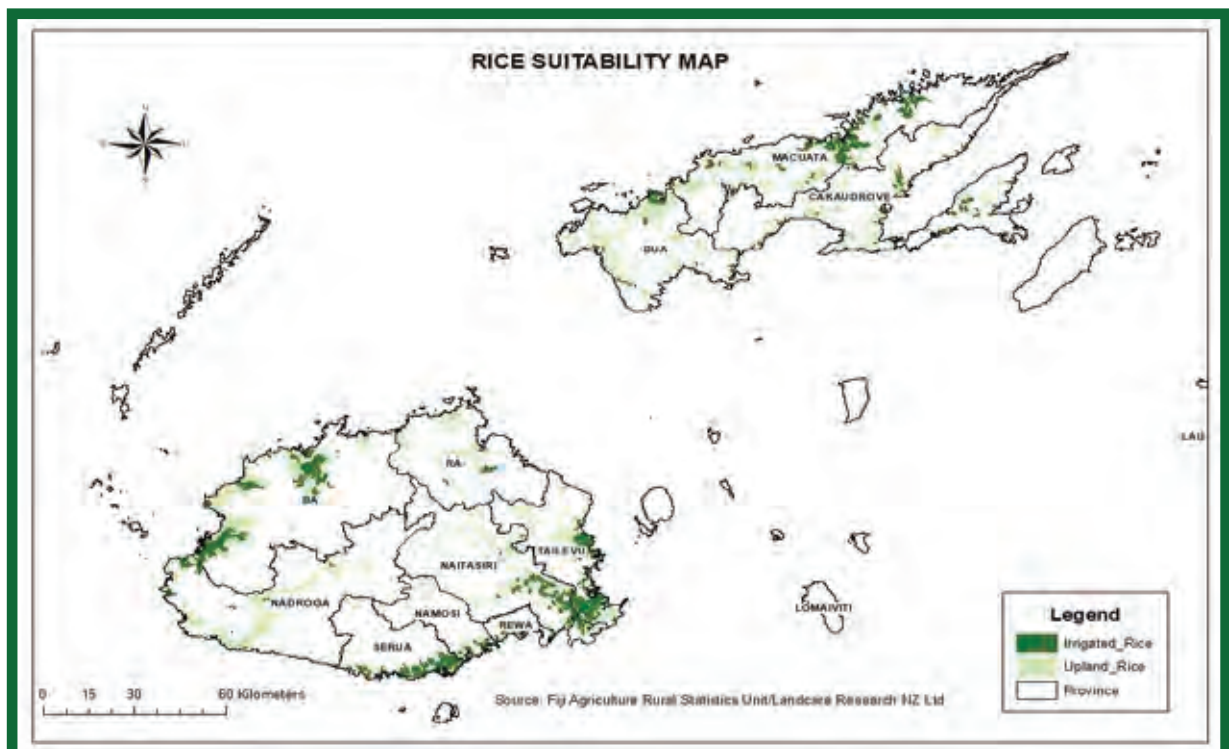
- To encourage production and milling of quality rice, its by-products and beyond;
- To ensure that the desired stakeholder interest and objectives are upheld all the time through governance and desired objectives;
- To ensure that we work towards financial independence;
- To provide sound research on products, business development and marketing more than just rice; and
- To respect and value the community and environment that we operate in with objective of sustainable food security.



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**MAP 1: RICE SUITABILITY MAP SHOWING POTENTIAL RICE GROWING AREAS IN FIJI**





## **DISCLAIMER STATEMENT**

To the best knowledge of the Directors and Management of Fiji Rice Pte Limited (FRL) the information contained in this Annual Report for the year ending 31st July, 2022 is correct.

## **BUSINESS PROFILE**

Fiji Rice Limited (formerly known as Rewa Rice Limited) was established in 1960 after Government of Fiji took over the Colonial Sugar Refinery [CSR] Company. Government took action to provide continuous employment to people who have been left jobless after the closure of CSR. However, the climatic conditions in the Central Division did not suit the sugar cane planting, thus rice was introduced as an alternative crop.

Over the years, the company has tried to leverage from the financial constraints, reform productivity and supply of quality rice but has been lacking those aspects of self-sustainability.

The Board and Management of FRL are fully committed to turn the company around with various initiatives and the work plans that would bring about the financial independence to the company. Hence, the company is extending its presence (both in market coverage and farming schemes) to VitiLevu.

FRL now has a clear direction to meeting the shareholder's (state) expectations. We as the Board and Management are committed to make a change for the best of this industry and country as a whole at Fiji Rice Limited, "beyond milling", with adequate monitoring as reporting.



## OVERVIEW OF RICE INDUSTRY

Rice is a staple crop for more than half the world's population and is grown in more than a hundred countries, with a total harvested area of approximately 158 million hectares, producing more than 700 million tons annually. Nearly 640 million tons of rice is grown in Asia, representing 90% of global production. Sub-Saharan Africa produces about 19 million tons and Latin America some 25 million tons. In Asia and sub-Saharan Africa, almost all rice is grown on small farms of 0.5–3 ha.

Yields of rice range from less than 1.0 ton per hectare under very poor rain fed conditions to more than 10.0 tonnes per hectare in intensive temperate irrigated systems. Rice yields in Fiji are around 3.5 to 4.0 tonnes per hectare.

Despite Asia's dominance in rice production and consumption, rice is also very important in other parts of the world and is becoming popular in the South Pacific Region. Root Crops have been previously known as the main staple crop for the Pacific however, this trend is changing and rice is progressively becoming the staple food crop for many Pacific Island Countries.

Fiji currently imports on average 52,000 metric tonnes of rice with a value of around \$63 million annually. In 2022 Fiji produced around 10,000 tonnes of Rice on 2,857 hectares of land nationwide. Fiji's self-sufficiency level on Rice is about 20%.

In order for Fiji to achieve 100% self-sufficiency in rice production, a total of 10,500 hectares of land need to be cultivated for two cropping seasons. This is anticipated to produce an annual harvest of 62,000 tons of paddy.

Rice contributed to the improvement of livelihood of many farmers and their family members who rely on rice as the main source of income. Therefore, in Fiji rice has multi-dimensional roles for food security and economic growth.

The three types of rice farming systems practiced in Fiji depend on the availability of water resources and topography. These three systems are irrigated, rainfed wetland and rain fed dryland which are planted with recommended varieties such as Sitara, Cagivou, Star, Boldgrain and NuiNui.



Rice cultivation in Fiji is practiced by two methods. Thirty percent of farmers are cultivating rice through transplanting while the rest are using the broadcasting method. To meet the growing needs of the population, it is necessary to produce more rice in future. This is a serious challenge as several biotic, abiotic and social factors continue to limit the productivity. Some of these challenges include, decrease in land and water resources, scarce and costly labour, use of single base fertilizers, high incidence of pests and diseases, rising cost of agro-inputs and impacts of climate change. Fiji Rice Pte Ltd in partnership with Ministry of Agriculture had mutually agreed to develop strategies to reach out to farmers in view of increasing rice production in Fiji.

For dry land rice cultivation, farmers can plant and harvest two crops annually by planting the 1st crop in November to February while the 2nd planting will be from March to May. This will increase the overall production using the same piece of land. However, there is a possibility of another harvest if irrigation facilities are available.

## **EXTENSION OF RICE PRODUCTION IN SUGARCANE BELT AREAS**

Each sugarcane farmer new to rice farming will require 30 kg rice seeds to plant 1 acre of land. The farmers will have option to produce rice for home consumption as well as sell it to Fiji rice Ltd. The farmers will also learn rice farming and rice farming could be used as intercrop option.

## **VILLAGE COMMUNITY BASED RICE FARMING**

Rice growing clusters will be formed in the villages with the assistance of Turaga-ni-Koro to identify communal land in the village for cultivation. The government assistance will be provided in form of grants and subsidies to the farmer.

## **PUBLIC PRIVATE PARTNERSHIP**

Contract agreement to be formulated between rice farmers, Ministry of Agriculture and Fiji Rice Ltd whereby the Company will provide for land preparation, seeds, agro inputs and harvest while the farmer will manage the crop. The cost will be deducted by the company during harvest.

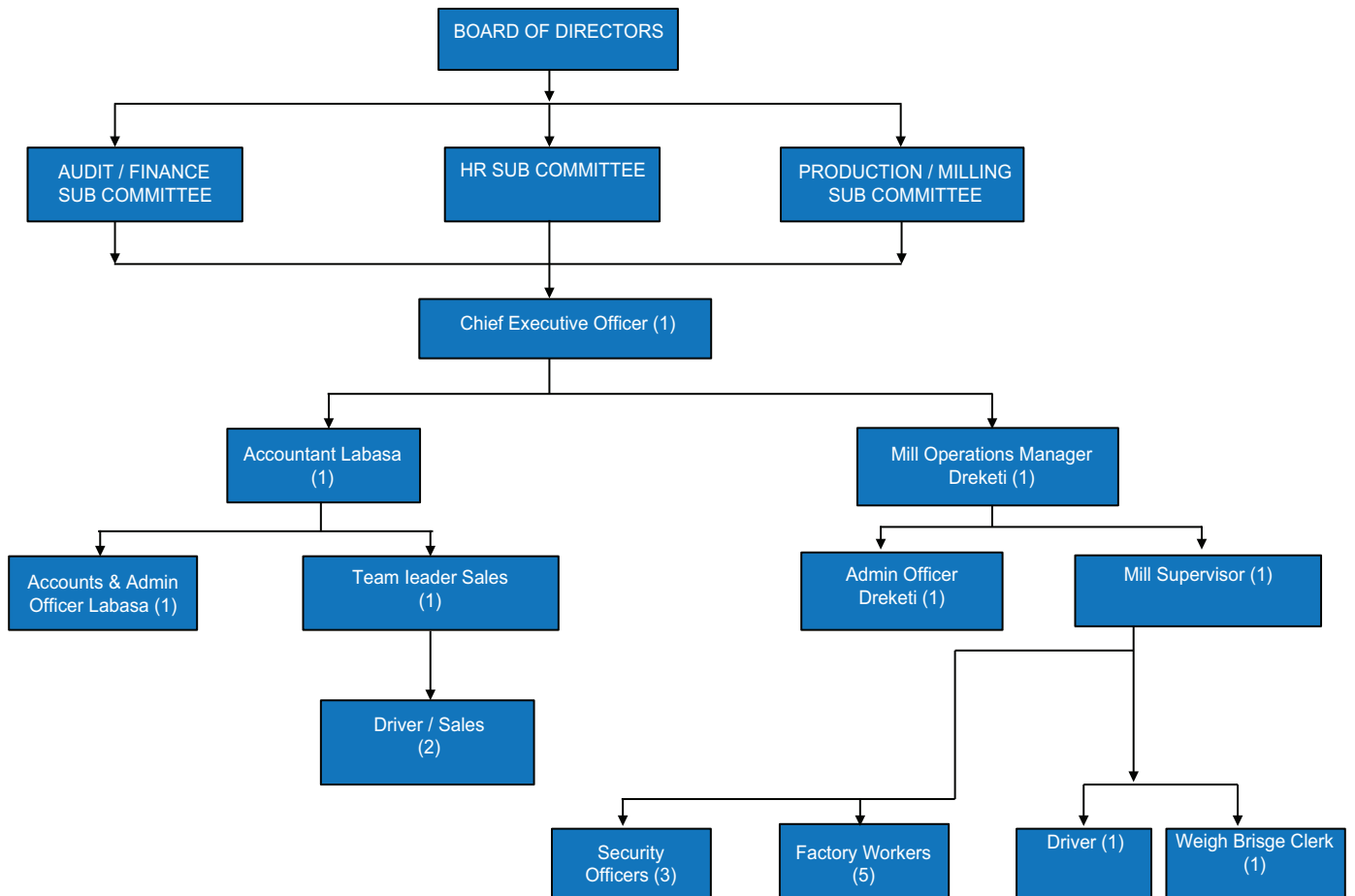
# STRATEGIC FOCUS AREA

Organization Goals	Objective	Measurements
<b>Innovation, Process Improvements &amp; Customers</b>	Ensure to bring about continuous and innovative improvement for self-sustainability	<ol style="list-style-type: none"> <li>1. Continuous research &amp; development on current products and diversification.</li> <li>2. Review the process of the mill operations with view of technological improvements.</li> <li>3. Improve on time standards and measurements.</li> <li>4. Improve advertising, awareness, road shows, press releases/sponsor programs/TV local shows.</li> <li>5. HACCP certification and explore premium markets.</li> </ol>
<b>Governance, Internal Control &amp; Policy</b>	To have sound governance platform for internal control, audit and effective policy environment	<ol style="list-style-type: none"> <li>1. Effective Implementation of Board resolutions and 75% meeting minimum attended by Board.</li> <li>2. Zero Tolerance to breaches to policies and processes.</li> <li>3. Continuous review of the policies based on the business needs.</li> </ol>
<b>Production, Suppliers and Milling</b>	Support production and suppliers with cost effective milling	<ol style="list-style-type: none"> <li>1. Production target to increase by 10% every year.</li> <li>2. Support Government initiative for rice production in all parts of Vanua Levu &amp; Viti Levu.</li> <li>3. Ensure there is balanced and consistent supply to all customers with at least 1 month of stock available in advance.</li> <li>4. Continue mechanism aspect of farming in collaboration with the Ministry of Agriculture, including third mill in Western Division.</li> <li>5. Improve on the engineering and milling operations with reduction of mill breakdowns to reduce and regular checks and servicing.</li> </ol>

<p><b>Our People</b></p>	<p>We must recognize our people who have the company at heart</p>	<ol style="list-style-type: none"> <li>1. Review Staff Terms &amp; Conditions inclusive of pay.</li> <li>2. Medical insurance package for all Staff.</li> <li>3. Organization Structure review to support business needs.</li> <li>4. Arrange for training and development programs for staff through in-house and external training providers.</li> <li>5. Job rotation to train staffs at all different job centers.</li> </ol>
<p><b>Finance &amp; Profitability</b></p>	<p>To have prudent platform to be self-sufficient in coming years.</p>	<ol style="list-style-type: none"> <li>1. Overall Audit Report standards to achieve moderate or below ratings.</li> <li>2. Engage Internal auditors for 6 monthly audits.</li> <li>3. Target profitability to increase at least 10% per year.</li> </ol>
<p><b>Community &amp; Environment</b></p>	<p>Ensure that we respect the shareholder, community and environment, embedding the new dynamics of the business that support the ability of all people at all times to have both physical and economic access to a sufficient amount of safe and nutritious food which meets their dietary needs and food preference for an active and healthy life.</p>	<ol style="list-style-type: none"> <li>1. Meet the desired expectation of Government and all stakeholders beyond financials.</li> <li>2. Consider research or technical assistance rice production / milling as part of green growth activities.</li> <li>3. Assessment &amp; impact of climate change activities i.e., salt water intrusion, drainage works &amp; draught problems.</li> </ol>



# CURRENT ORGANIZATION STRUCTURE



# FINANCIAL HIGHLIGHTS

## GRAPH 1: AUDITED PROFIT/LOSS AFTER INCOME TAX FROM 2017 – 2022

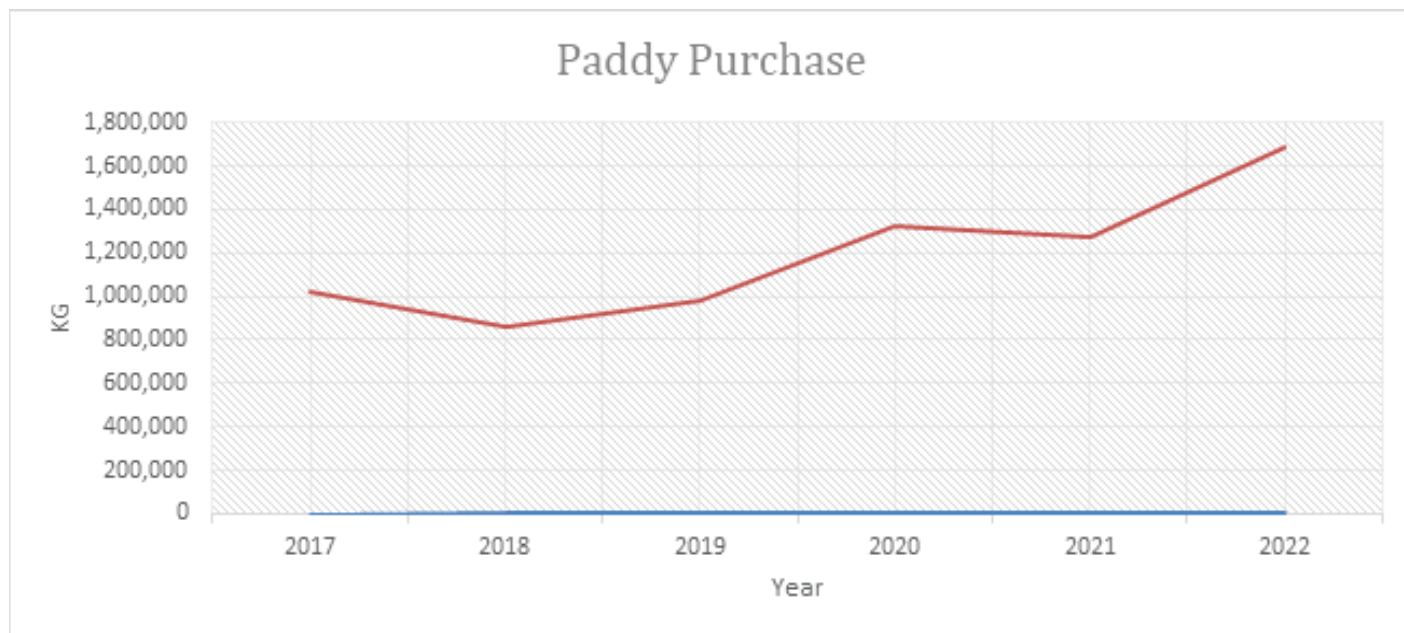
Year	2017	2018	2019	2020	2021	2022
Audited Profit after income tax	\$289,377	\$386,068	\$183,251	\$2,493,589	\$161,592	\$607,273



The above graph illustrates the profitability trend from 2017-2022. The audited profit after income tax for the year 2019 declined compared to 2018. This is mainly due to decline in milled grain revenue by 20% compared to 2018 which included gain on sale from company property sold however it increased drastically in 2020. The 2020 profit included gain on sale of asset of \$2,611,981. The 2022 audited profit after tax increased by \$445,682 compared to 2021. This is mainly due to increase in paddy supply for the financial year 2022, which is fully subsidized by the government.

## **GRAPH 2: FIJI RICE LTD PADDY PURCHASE RECORD FROM 2017-2022**

Year	2017	2018	2019	2020	2021	2022
Paddy Purchase (KG)	1,019,650	857,009	982,254	1,322,033	1,276,979	1,685,730



Graph 2, illustrates the paddy supply trend which has increased from 2018 to 2020 and slightly decreased in 2021. The increase in production is mainly due to FRL venturing into commercial farming and the scale is set to increase year by year and hence the production is expected to increase drastically with new areas of planting and massive planting campaign in Viti Levu. The 2022 financial year recorded the highest paddy intake compared to other years.



# HISTORIC EVENTS

## 1. LAUNCH OF PARAMETRIC INSURANCE FOR RICE FARMERS

Fiji Rice Pte Ltd together with assistance from Pacific Insurance and Climate Adaptation Programme launched Fiji's first ever Parametric Insurance for Rice Farmers. The first years premium was covered through the programme while the farmers were educated on benefits of the insurance.



## 2. PROMOTION AND MARKETING IN VITI LEVU

Fiji Rice Limited actively promoted brown rice to Viti Levu customers with tent sale, customer visits while potential customers identified in tourism and health sectors. The increase in demand and sales for brown rice was noticed during the year.



### 3 RICE FARMERS CONTRACT

Fiji Rice registered around 498 farmers during the year. By signing the contract Fiji Rice had better knowledge of farm size and production level with different areas. The farmers contract guarantees the supply and proper production planning.



### MOU WITH UNIT TRUST OF FIJI FOR FARMERS & STAFF

Fiji Rice provided an investment platform for our farmers & staff through Unit Trust of Fiji. A good number of farmers and staff engaged with UTOF aiming to have some savings with interest.





## CORPORATE GOVERNANCE

### Board of Directors

The following were the directors of the company at any time during the financial year and up to the date of this report:

### Board of Directors

Mr. Raj Sharma (Board Chairman)

Mr. Ratu Wiliame M Katonivere (Deputy Director) – resigned on 21 October 2021.

Mr. Ashok Kumar (Deputy Director) – resigned on 21st April 2023.

Mr. Michael Faktaufon (Director) – appointed on 20 December 2021 till 2023

Ms. Priyashni Chand (Director) – appointed on 20 December 2021

Mr. Jimione Buimaiwai – appointed on 17th April 2023.

Ms. Virisila Tuimanu – appointed on 17th April 2023.

Mr. Atonio Lavekau – appointed on 17th April 2023.



### Role of the Board

The role of the Board is to administer accountability for the success of the company by taking responsibility for its direction and management in order to meet its objective of enhancing corporate profit and shareholder value.

### Meetings of the Board

The regular business of the board during its meeting covered business investments and strategic matters, good governance and compliance, major capital expenditure approvals, financial reports (monthly management accounts) and mill operations report.

### Committees of the Board

The Board has formally constituted the Human Resources committee, Milling and Production committee and Audit & Finance Sub Committee.

### Declare of Interest

A declaration of interest is maintained by the company in line with the code of conduct and good governance ethics.

# CHAIRMAN'S REPORT

On behalf of the Board of Directors, I am pleased to present the annual report for the financial year ending June 2022 (FY22). The operating environment has become even more challenging post-COVID-19. Conversely, Tropical Cyclone Yasa and COVID 19 provided good opportunities for the rice. In 2021 Fiji Rice Ltd. from its coffers provided a post-cyclone recovery subsidy for land preparation and that saw massive planting. The result of the planting was a record paddy supply of 1685 tonnes in 2022.

Despite the difficulties faced, the efforts of the team have produced good results, and the performance showed marked improvement over the past fiscal years. We made a profit before tax of \$607,273.

I am pleased to relate that Fiji Rice Ltd steadily making new progress. I am delighted to find that our operational capabilities and business performance have greatly improved compared with the past results and our business is gradually aligning with our strategy of focusing on businesses with positive margins. However, these margins are entirely dependent on the production and supply of the paddy and such paddy purchase was subsidized by the Government with above world market price. This influenced and motivated our farmers to produce and supply to Fiji Rice Ltd. We need to do this to reduce the importation of about \$63million of rice.

With the implementation of our strategic plan and the development of the talent of the team, we are confident in the continued growth in the years ahead. Our strategy and pillars relate to - Innovation, Process Improvements and Customers, Governance, Internal Control and Policy, Production, Suppliers, Milling, Our People, Finance and Profitability, and Community and Environment. Based on target market, product quality, categories, and business model play an important part. Our target market has immense possibilities with diversification from retail to bulk sale especially to the cane farmers through FSC but again it all goes down to the production where we expect farmers and the Ministry of Agriculture to play very important role. At this juncture, I must thank the past and present Hon. Ministers and Permanent Secretaries for their support and cooperation.

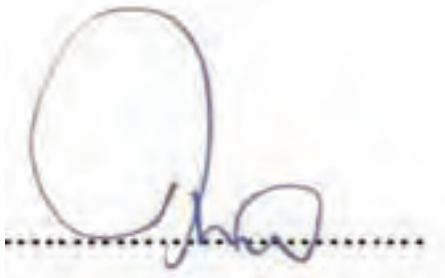
Going forward - we will improve the policy environment, deepen the engagement with farmers and all the stakeholders, and look at the new market locally in the tourism, health, and aviation sectors and also the overseas markets. We are also talking to some of the development partners for the milling and by-product strategies. The people play the very important role we have ensured that we look after them with the right remuneration policy framework.

The company's performance despite challenges was truly through the talent, dedication, and hard work of all our employees as I have mentioned. I would like to take this opportunity to thank and congratulate our Executive Team, my past and current Board colleagues and indeed all employees for their effort over the last year.

I also would like to thank the Government –Ministry of Agriculture, the Ministry of Economy, ( now Finance) and Public Enterprise for providing subsidies to the farmers and last but most importantly our farmers who continue to work hard and supply to Fiji Rice. I must also acknowledge the support and guidance of His Excellency, the President for his profound support to the company. Recognizing his contribution Fiji Rice Ltd launched the “President’s Rice Farmers’ Award” which is an annual event.

We are looking forward to good years ahead as we have cemented our brand in the local market, and look at the international opportunity. We believe we are up to the challenge and are stronger, more competitive, and are well-positioned for growth.

Thank you for your continued support and commitment.



Mr. Raj Sharma  
Chairman FRL Pte Ltd



# CHIEF EXECUTIVE OFFICER'S REPORT

We celebrated a record year in 2022 and I am thrilled to share the considerable progress we have made considering the record supply of paddy and increase in sales.

As we worked to achieve our purpose of future-proofing our business, we completed several strategic acquisitions and delivered on our financial targets, including record supply of paddy and hence our net revenues. I'd like to share some 2022 highlights:

- Launch of Fiji's first ever Parametric Insurance
- Rice Farmers Contract
- MOU with Unit Trust of Fiji for Farmers & Staff
- Record Paddy supply at the Mill

I would like to thank everyone who supported us throughout this eventful year. I am grateful to our clients for entrusting us with their business, to our Board for providing invaluable guidance and to our shareholders for subscribing to our vision. I also wish to express my appreciation to our staff, who delivered successful outcomes while not forgetting our farmers for record production.

I look forward to the year ahead and am excited about what we can achieve together.

Vinaka



Mr. Ashrit Pratap  
Chief Executive Officer  
Fiji Rice Limited



**FIJI RICE PTE LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST JULY 2022**

## OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



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File: 1268

27 June 2023

Mr. Raj Sharma  
The Chairman  
Fiji Rice Pte Limited  
P O Box 466  
**LABASA**

Dear Mr. Sharma

**FIJI RICE (PTE) LIMITED**

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

Audited financial statements for Fiji Rice (PTE) Limited for the year ended 31 July 2022 together with my audit report on them are enclosed.

Particulars of the errors and omission arising from the audit have been forwarded to the Management of the Company for necessary action.

Yours sincerely

Sairusi Dukuno  
**ACTING AUDITOR-GENERAL**

Encl.

**FIJI RICE PTE LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2022**

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**FIJI RICE PTE LIMITED  
DIRECTORS REPORT  
FOR THE YEAR ENDED 31 JULY 2022**

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In accordance with a resolution of the board of directors, the directors herewith submit the statement of financial position of the company as at 31 July 2022, the related statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year ended on that date and report as follows:

**1. Directors**

The following were directors of the company at any time during the financial year and up to the date of this report:

Mr. Raj Sharma	Board Chairman
Mr. Ratu Wiliame M Katonivere	Deputy Director - resigned on 21 October 2021
Mr. Ashok Kumar	Deputy Director - resigned on 21 April 2023
Mr. Michael Faktaufo	Director - appointed on 20 December 2021 till 2023
Ms. Priyashni Chand	Director - appointed on 20 December 2021
Mr. Jimione Bulimaiswai	Director - appointed on 17 April 2023
Ms. Virisila Tuimana	Director - appointed on 17 April 2023
Mr. Atonio Lavekau	Director - appointed on 17 April 2023

**2. Principal Activities**

The principal activities of the company in the course of the financial year were milling and sale of rice and poultry feed. The company also engaged in rice farming project during the year.

**3. Trading Results**

The operating profit after income tax for the year was \$607,273 (2021: operating profit after income tax of \$161,592).

**4. Dividends**

No dividend has been paid or recommended to be paid by the directors for the year.

**5. Reserves**

The directors recommend that no transfer be made to reserves within the meaning of Part 11 of the companies Act 2015.

**6. Going Concern**

The financial statements have been prepared on a going concern basis which contemplates the continuity of business. At 31 July 2022 there is an overall excess of liabilities over assets (deficiency) of \$646,062.

The principal components of liabilities are advances from shareholder and subordinated loans amounting to \$6,725,382. The shareholders have agreed in principle to convert \$4,600,000 shareholders advance to a grant. However, the directors will effect this at such a point in time whereby VAT and income tax considerations have been satisfied relating to the conversion of the shareholders advance to a grant. Continuous government assistance and new sources of revenue may be sought as operating losses have been increasing.

On this basis the directors have prepared the financial statements on a going concern basis. Consequently no adjustments have been made relating to the accountability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the company not continue as a going concern.

**7. Bad and Doubtful Debts**

Prior to the completion of the company's financial statements, the directors took reasonable steps to ascertain that action has been taken in relation to writing off bad debts and the provision for doubtful debts. In the opinion of the directors, adequate provision has been made for doubtful debts.

As at the date of this report, the directors are not aware of any circumstances, which would render the amount written off for bad debts, or the allowance for doubtful debts in the company, inadequate to any substantial extent.



**FIJI RICE PTE LIMITED**  
**DIRECTORS REPORT (Continued)**  
**FOR THE YEAR ENDED 31 JULY 2022**

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**8. Non-Current Assets**

Prior to the completion of the financial statements of the company, the directors took reasonable steps to ascertain whether any non-current assets unlikely to realise in the ordinary course of business their values as shown in the accounting records of the company. Where necessary, these steps have been written down or adequate provision has been made to bring the values of such assets to an amount that they might be expected to realise.

As at the date of this report, the directors are not aware of any circumstances which would render the values attributed to non-current assets in the company's financial statements misleading.

**9. Unusual Transactions**

The results of the company's operations during the financial year have not in the opinion of the directors been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

**10. Events Subsequent to Balance Date**

Since the end of the financial year, no matters or circumstances have arisen which has significantly or may significantly affect the operations of the Company, the results of those operations or state of affairs of the Company in subsequent years other than what is disclosed in Note 25.

**11. Other circumstances**

As at the date of this report:

- (i) No charge on the assets of the company has been given since the end of the financial year to secure the liabilities of any other person;
- (ii) No contingent liabilities have arisen since the end of the financial year for which the company could become liable; and
- (iii) No contingent liabilities or other liabilities of the company has become or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the company to meet its obligations as and when they fall due.

As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the company's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the company misleading or inappropriate.

**12. Directors' Benefits**

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or received as the fixed salary of a full-time employee of the company or of a related corporation) by reason of a contract made by the company or by a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Dated at this 20<sup>th</sup> day of June, 2023.

For and on behalf of the Board and in accordance with the resolution of the Board of Directors.

Director

Director

**FJI RICE PTE LIMITED**  
**STATEMENT BY THE BOARD OF DIRECTORS**  
**FOR THE YEAR ENDED 31 JULY 2022**

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In accordance with a resolution of the Board of Directors of Fiji Rice Pte Limited, we state that in the opinion of the directors:

- (i) the accompanying statement of comprehensive income of the company is drawn up so as to give a true and fair view of the results of the company for the year ended 31st July 2022;
- (ii) the accompanying statement of changes in equity of the company is drawn up so as to give a true and fair view of the changes in equity of the company for the year ended 31st July 2022;
- (iii) the accompanying statement of financial position of the company is drawn up so as to give a true and fair view of the state of affairs of the company as at 31st July 2022;
- (iv) the accompanying statement of cash flows of the company is drawn up so as to give a true and fair view of the cash flows of the company for the year ended 31st July 2022;
- (v) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due; and
- (vi) all related party transactions have been adequately recorded in the books of the company.

For and on behalf of the board and in accordance with a resolution of the directors.

Dated this 20<sup>th</sup> day of June 2023.

Signed in accordance with the resolution of the Board of Directors.

Director



Director

## OFFICE OF THE AUDITOR GENERAL

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### FIJI RICE PTE LIMITED

#### AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF FIJI RICE PTE LIMITED

As auditor for the audit of Fiji Rice Pte Limited for the financial year ended 31 July 2022, I declare to the best of my knowledge and belief that there have been:

- (a) No contravention of the auditor independence requirements of the Companies Act, 2015 in relation to the audit; and
- (b) No contravention of any applicable code of conduct in relation to the audit.

This declaration is in respect to Fiji Rice PTE Limited during the financial year.

Sairusi Dukuno  
**ACTING AUDITOR-GENERAL**





# OFFICE OF THE AUDITOR GENERAL

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Website: [www.oag.gov.fj](http://www.oag.gov.fj)



## INDEPENDENT AUDITOR'S REPORT

Fiji Rice Pte Limited

Report on the Audit of the Financial Statements

### Opinion

I have audited the financial statements of Fiji Rice Limited ("the Company"), which comprise the Statement of Financial Position as at 31 July 2022, the Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 July 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting standards (IFRS).

I have conducted my audit in accordance with International Standards on Auditing (ISA). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the International Ethics Standards Board for Accountant's *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of Matter

I draw attention to the following:

1. As discussed in Note 2(b)(ii) of the Notes to the financial statements, there was an overall excess of liabilities over assets of \$646,062 (2021: \$1,253,335) as at 31 July 2022.
2. The review of the depreciation rates and the economic useful lives of the individual classes of mill machinery and plant, equipment and motor vehicles in a progressive and structured manners for consideration and review by the Directors of the Company is yet to be performed. As at balance date, the Company continued to use the assets with zero written down value totaling \$436,174 to generate economic activities without taking into account the depreciation expenses in the statement of comprehensive income.
3. Note 17 to the financial statements which notes that the shareholders have agreed in principle to convert \$4,600,00 of shareholders advance to grant. As set out in Note 17, the conversion has not been effected by the Company. There was no document provided by the Company to confirm this statement reported in the financial statements.



### **Emphasis of Matter (con't)**

4. Note 24 to the financial statements which notes the conversion of the government loan of \$1,900,000 to equity as announced in the COVID-19 response budget. As set out in Note 24, the conversion has not been effected by the Company and the share certificate is on the verge of finalization.

My opinion is not modified in respect of these matters.

### **Other information**

The Directors and Management are responsible for the other information. The other information comprises the Annual report but does not include the financial statements and the auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report the fact. I have nothing to report in this regard.

### **Responsibilities of the Management and Directors for Financial Statements**

The Management and Directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as the Management and Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management and Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management and Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISA, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for



## Auditor's Responsibilities for the Audit of the Financial Statements (con't)

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company'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 the Management's and Directors' use of 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 Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Management and Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have 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 my independence, and where applicable, related safeguards.

## Report on Other Legal and Regulatory Requirements

In my opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2015 in all material respects, and:

- a) I have been given all information, explanations and assistance necessary for the conduct of the audit; and
- b) the company has kept financial records sufficient to enable the financial statements to be prepared and audited.



Sairusi Dukuno  
ACTING AUDITOR-GENERAL



Suva, Fiji  
27 June 2023

**FJI RICE PTE LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 JULY 2022**

	Note	2022 \$	2021 \$
Operating revenue	5(i)	1,275,100	1,291,660
Cost of goods sold		(1,262,510)	(1,230,022)
<b>Gross profit/(loss)</b>		<b>12,590</b>	<b>61,638</b>
Other revenue	5(ii)	1,743,118	1,306,173
		1,755,708	1,367,811
Administrative expenses		(826,401)	(930,745)
Other farm expenses		(174,804)	(265,027)
<b>Profit from operations</b>		<b>754,503</b>	<b>172,039</b>
Income tax expense	6(i)	(147,230)	(10,417)
<b>Profit after income tax expense</b>		<b>607,273</b>	<b>161,592</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>607,273</b>	<b>161,592</b>

*(The Statement of Comprehensive Income is to be read in conjunction with the notes to and forming part of the financial statements)*



**FJI RICE PTE LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 JULY 2022**

	Notes	2022 \$	2021 \$
<b>CURRENT ASSETS</b>			
Cash on hand and at bank	9	1,593,047	690,897
Term deposits	10	2,007,057	2,080,695
Trade and other receivables	7	388,939	728,222
Inventories	8	751,707	397,750
Income tax receivable	6(iv)	-	36,525
Deferred Tax Asset	6(ii)	6,107	-
		<u>4,746,857</u>	<u>3,934,089</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	2,200,198	2,276,808
Intangible assets	13	4,041	4,892
Right of use assets	20(i)	34,069	45,872
		<u>2,238,308</u>	<u>2,327,572</u>
<b>TOTAL ASSETS</b>		<u>6,985,165</u>	<u>6,261,661</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	157,547	24,162
Deferred Tax Liability	6(iii)	27,191	-
Income tax payable	6(iv)	89,621	-
Rice development revolving fund	15	91,743	91,743
Lease liability	20(ii)	36,789	48,430
Provisions	16	3,768	6,086
Deferred grant liability	11	120,007	122,759
		<u>526,666</u>	<u>293,180</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	17	6,725,382	6,725,382
Deferred grant liability	11	379,179	496,434
		<u>7,104,561</u>	<u>7,221,816</u>
<b>TOTAL LIABILITIES</b>		<u>7,631,227</u>	<u>7,514,996</u>
<b>NET (DEFICIENCY) IN ASSETS</b>		<u>(646,062)</u>	<u>(1,253,335)</u>
<b>SHAREHOLDERS EQUITY</b>			
Share capital	18	1,506,224	1,506,224
Accumulated losses		(2,152,286)	(2,759,559)
<b>TOTAL SHAREHOLDERS EQUITY</b>		<u>(646,062)</u>	<u>(1,253,335)</u>

*(The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial statements)*

For and on behalf of the Board and in accordance with a resolution of the directors

Dated this 20<sup>th</sup> day of June 2023

Director

Director



**FIJI RICE PTE LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 JULY 2022**

	Share Capital S	Accumulated Losses S	Total S
Balance at 31st July 2020	1,506,224	(2,921,151)	(1,414,927)
Net profit for the year	-	161,592	161,592
Total comprehensive income for the year	-	-	-
<b>Balance at 31st July 2021</b>	<b><u>1,506,224</u></b>	<b><u>(2,759,559)</u></b>	<b><u>(1,253,335)</u></b>
Net profit for the year	-	607,273	607,273
Total comprehensive income for the year	-	-	-
<b>Balance at 31st July 2022</b>	<b><u>1,506,224</u></b>	<b><u>(2,152,286)</u></b>	<b><u>(646,062)</u></b>

**FIJI RICE PTE LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 JULY 2022**

	Note	2022 \$	2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and government grants		3,189,991	2,178,834
Payment to suppliers and employees		<u>(2,234,379)</u>	<u>(2,080,346)</u>
Cash generated from operating activities		955,612	98,488
Income taxes and other taxes paid		-	<u>(68,387)</u>
<b>Net Cash provided by operating activities</b>		<u>955,612</u>	<u>30,101</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for acquisition of property plant and equipment		(174,764)	(260,257)
Proceeds from investments (net)		73,638	404,467
Interest received - investments		59,306	39,077
<b>Net Cash (used in)/provided by investing activities</b>		<u>(41,820)</u>	<u>183,287</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of lease liability		(11,642)	(10,956)
<b>Net Cash used in financing activities</b>		<u>(11,642)</u>	<u>(10,956)</u>
Net increase in cash and cash equivalents		902,150	202,432
Cash and cash equivalents at the beginning of the year		690,897	488,465
<b>Cash and Cash Equivalents at the end of the Year</b>	<b>9</b>	<u><u>1,593,047</u></u>	<u><u>690,897</u></u>

*(The Statement of Cash flows is to be read in conjunction with the notes to and forming part of the financial statements)*

**FIJI RICE PTE LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2022**

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**1 GENERAL INFORMATION**

Fiji Rice Pte Limited ("the company") is incorporated and domiciled in the Republic of Fiji under the Companies Act, 2015 and its registered office and principal place of business is located at Damann Street, Labasa, Fiji. The principal activities of the company in the course of the financial year were milling and sale of rice and poultry feed. The company also engaged in Rice farming project during the year.

The ultimate holding entity is the Government of Fiji.

These financial statements were authorised for issue by the directors on 20 June 2023.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Statement of Compliance**

The financial statements have been prepared in accordance with the Companies Act, 2015 and International Financial Reporting Standards ("IFRS") as required by the Fiji Institute of Accountants.

**b) Basis of Accounting**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The preparation of the 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 Company'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 4.

**i. Basis of preparation**

The financial statements of the company have been drawn up in accordance with the provisions of the Companies Act 2015 and International Financial reporting Standards ("IFRS"). The financial statements have been prepared under the basis of historical costs, as modified by the revaluation of certain assets.

**ii. Going concern**

The financial statements have been prepared on a going concern basis which contemplates the continuity of business activities and the realisation of assets and the payment of liabilities in the normal course of business. At 31st July 2022 there is an overall excess of liabilities over assets (deficiency) of \$(646,062) (2021: \$1,253,335).

The principal components of liabilities are advances from shareholder and subordinated loan amounting to \$6,725,382 (2021: \$6,725,382). The shareholders have agreed in principle to convert \$4,600,000 shareholders advance to a grant. However the directors will affect this at such point in time whereby VAT and income tax considerations have been satisfied relating to the conversion of the shareholders advance to a grant.

On this basis the directors have prepared the financial statements on a going concern basis. Consequently no adjustments have been made relating to the accountability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the company not continue as a going concern.

A summary of the significant accounting policies adopted by the company is set out in this note. The policies adopted are in accordance with International Financial Reporting Standards.

**e) Changes in Accounting Policies**

New Standards Applied by the entity - IFRS 9 – Financial Instruments, IFRS 15 – Revenue from Contracts with Customers and IFRS 16 – Leases.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**e) Changes in Accounting Policies (cont'd)**

**A. IFRS 9 - Financial Instruments**

The company adopts IFRS 9 *Financial Instruments* issued in July 2014 with a date of initial application of 1 August 2018. The requirements of IFRS 9 represent a significant change from IAS 39 *Financial Instruments: Recognition and Measurement*.

The nature and effects of the key changes to the company's accounting policies resulting from its adoption of IFRS 9 are summarised below:

As a result of the adoption of IFRS 9, the company adopted consequential amendments to IAS 1 *Presentation of Financial Statements* which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income (OCI). Previously, the company's approach was to include the impairment of trade receivables in operating expenses. Additionally, the company adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures* that are applied to disclosures about 2021 but generally have not been applied to comparative information.

**i. Classification of Financial Assets and Financial Liabilities**

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale financial assets.

For an explanation of how the company classifies and measure financial assets and accounts for related gains and losses under IFRS 9, refer Note 2(q).

The adoption of IFRS 9 has not had a significant effect on the company's accounting policies for financial liabilities.

**ii. Impairment of Financial Assets**

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, and loan commitments issued, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

**iii. Transition**

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 August 2018. Accordingly, the information presented for 31 July 2018 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 31 July 2019 under IFRS 9.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of the business model within which a financial asset is held;
- The designation of certain investments in equity instruments not held for trading as at FVOCI;
- If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the company assumed that the credit risk on the asset had not increased significantly since its initial recognition.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Changes in Accounting Policies (cont'd)

A. IFRS 9 - Financial Instruments (cont'd)

iv Classification of Financial Assets and Financial Liabilities on the date of initial application of IFRS 9

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the company's financial assets and financial liabilities as at 1 August 2018.

	Note	Original Classification under IAS 39	New Classification under IFRS 9	Original carrying amount under IAS 39 (\$)	New carrying amount under IFRS 9 (\$)
<b>Financial Assets</b>					
Cash on hand and at bank	9	Loans and receivables	Amortised cost	798,421	798,421
Trade and other receivables (excluding prepayments)	7	Loans and receivables	Amortised cost	354,262	354,262
<b>Total Financial Assets</b>				<b>1,152,683</b>	<b>1,152,683</b>
<b>Financial Liabilities</b>					
Trade and other payables		Other financial	Other financial Liabilities	286,765	286,765
Borrowings	16			6,725,382	6,725,382
<b>Total Financial Liabilities</b>				<b>7,012,147</b>	<b>7,012,147</b>

The company's accounting policies on the classification of financial instruments under IFRS 9 are set out in Note 2(q). The application of these policies resulted in the reclassifications set out in the table above and explained below:

Loans, advances and receivables that were classified as loans and receivables under IAS 39 are now classified as amortised cost.

There has been no significant impact of transition to IFRS 9 on the opening ECL allowance determined in accordance with IFRS 9 as at 1 August 2018.

B. IFRS 16 - Leases

The company has early adopted IFRS 16 *Leases* with a date of initial application of 1 August 2018. As a result, the company has changed its accounting policy for lease contracts as detailed below.

The company applied IFRS 16 using the cumulative catch-up transition method, under which the cumulative effect of initial application is recognised in retained earnings as at 1 August 2018. The details of the changes in accounting policies are disclosed below.

i. Definition of a Lease

Previously, the company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the company assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 2(m).

On transition to IFRS 16, the company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 August 2018.

**FIJI RICE PTE LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 JULY 2022**

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**c) Changes in Accounting Policies (cont'd)**

**B. IFRS 16 - Leases (cont'd)**

**ii. As a Lessee**

As a lessee, the company previously classified leases as operating lease or finance lease based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset. Under IFRS 16, the company recognises right-of-use assets and lease liabilities for all leases except for short term leases – i.e. these leases are on statement of financial position.

For leases of other assets, which were classified as operating under IAS 17, the company recognised right-of-use assets and lease liabilities with date of initial application of 1 August 2018.

**Leases classified as operating leases under IAS 17**

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate as at 1 August 2018. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

**iii. As a Lessor**

The company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease.

Under IFRS 16, the company is required to assess the classification of a sub-lease with reference to the right-of-use asset, not the underlying asset. On transition, the company reassessed the classification of a sub-lease contract previously classified as an operating lease under IAS 17. The company concluded that the sub-lease continues to be classified operating lease under IFRS 16 and thus there has been no impact on transition to IFRS 16 in relation to sub-lease.

**iv. Impacts on Financial Statements**

On transition to IFRS 16, the company recognised \$57,824 of right-of-use assets and an \$57,824 of lease liabilities.

When measuring lease liabilities, the company discounted lease payments using its incremental borrowing rate at 1 August 2018. The weighted-average rate applied is 6%.

**C. IFRS 15 - Revenue from Contracts with Customers**

The company adopted IFRS 15 *Revenue from Contracts with Customers* issued in May 2014 with a date of initial application of 1 August 2018. As a result, the company has changed its accounting policy for revenue recognition. There has been no significant impact of transition to IFRS 15 on retained earnings as at 1 August 2018.

**New standards, amendments, annual improvements and interpretation that have been issued but are not mandatorily effective as at 31 July 2020.**

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the company has decided not to adopt early. The most significant of these is:

IFRIC 23 Uncertainty over Income Tax Positions (effective 1 January 2019).



**FIJI RICE PTE LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 JULY 2022**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**e) Changes in Accounting Policies (cont'd)**

The company does not expect any standards issued by the IASB, but not yet effective, to have a material impact on the company.

The company has progressed its projects dealing with the implementation of the key new accounting standard and is able to provide the following information regarding their likely impact:

*IFRIC 23 Uncertainty over Income Tax Positions*

IFRIC 23 clarifies how to recognise and measure current and deferred income tax assets and liabilities when there is uncertainty over income tax treatments. IFRIC 23 is not expected to have a material impact on the company.

**d) Foreign Currencies**

Foreign currency transactions are converted to Fiji dollars at rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies are translated to Fiji currency at the rates of exchange ruling at the balance sheet date. All exchange gains or losses whether realised or unrealised are included in the statement of comprehensive income.

**e) Property, Plant and Equipment**

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition and installation of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Cost of leasehold land includes initial premium payment or price paid to acquire leasehold land including acquisition costs.

Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	1.25% - 2.50%
Plant and machinery	5% - 7%
Motor vehicles	20%
Furniture, fittings and equipment	5% - 7%
Tools	Replacement basis

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are taken into account in determining the results for the year.

**f) Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost includes direct materials, direct labour and an appropriate proportion of variable and fixed factory overhead expenditure, the latter being allocated on the basis of normal operating capacity. A specific provision is created for any obsolete or slow moving items.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**g) Revenue Recognition**

The company applied IFRS 15 retrospectively using the cumulative effect method and therefore the comparative information has not been restated and continuous to be reported under IAS 18. There was no significant impact of the changes in accounting policies from the adoption of IFRS 15.

**The policy applicable from 1st August 2018**

Revenue is recognised at an amount that reflects the consideration that the company is expected to be entitled to in exchange for transferring goods or services to a customer, using a five-step model for each revenue stream as prescribed in IFRS 15. The five-step model is as follows:

- Identification of the contract
- Identification of separate performance obligations for each good or service
- Determination of the transaction price
- Allocation of the price to performance obligations and
- Recognition of revenue

**h) Cash and Cash Equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash at bank and on hand.

**i) Reporting Currency**

All figures will be reported in Fijian Dollars.

**j) Trade and Other Payables**

Liabilities for trade creditors and other amounts are carried at cost (inclusive of VAT where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the entity.

**k) Income tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet liability method, on temporary difference arising between the tax base of asset and liabilities and their carrying amount in the financial statement. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against the temporary difference and the eligible tax losses can be utilized.

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity.

**FJI RICE PTE LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 JULY 2022**

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**l) Employee Benefits**

*Annual Leave and sick leave*

The liability for annual leave and sick leave are recognized in the provision for employee benefits. These benefits are expected to be settled within 12 months and are measured at their nominal values using the remuneration rate expected to apply at the time of the settlement.

*Defined Contribution Plans*

Contributions to Fiji National Provident Fund are expensed when incurred. All employees who are Fiji citizens are members of the Fiji National Provident Fund, an independent statutory administered fund. The Company has no liability for current or past service pensions in respect of these employees.

**m) Leases**

The company has applied IFRS 16 using the cumulative catch-up transition method and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16, and the impact of these changes is disclosed in Note 2(e).

**Policy applicable from 1st August 2018**

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

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

This policy is applied to contracts entered into, or changed, on or after 1 August 2018. At inception or on reassessment of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

However, for the leases of land and buildings in which it is a lessee, the company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

**Policy applicable as a lessee**

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

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



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**m) Leases (cont'd)**

**Policy applicable as a lessee (cont'd)**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

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

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

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

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

The Company presents right-of-use assets and lease liabilities as separate line items in the statement of financial position.

**Short-term leases and leases of low-value assets**

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Assets held under other leases were classified as operating leases and were not recognised in the company and the company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

**Policy applicable before 1st August 2018**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

*Company as Lessee*

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**n) Impairment of Non-Financial Assets**

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**n) Impairment of Non-Financial Assets (cont'd)**

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of comprehensive income.

**o) Value Added Tax (VAT)**

Revenues, expenses, assets and liabilities are recognised net of the amount of Value Added Tax (VAT), except where the amount of VAT incurred is not recoverable from the taxable authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense, or for trade receivables and trade payable which are recognised inclusive of VAT.

**p) Government Grant**

Government Grant are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant or assistance received relates to an expense item, it is recognised as income over the period necessary to match them with related costs which the grants are intended to compensate. The company received paddy grant from Ministry of Public Enterprise which is used to purchase rice paddies from the paddy farmers.

Grants received in relation to an asset it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related assets.

**q) Financial Instruments**

**i. Recognition and initial measurement**

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**ii. Classification and subsequent measurement**

**Financial assets - Policy applicable from 1st August 2018**

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – equity investment; or FVTPL.

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

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

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

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**q) Financial Instruments (cont'd)**

**ii. Classification and subsequent measurement (cont'd)**

**Financial Assets: Business model assessment – Policy applicable from 1st August 2018**

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

**Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 August 2018**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

**Financial assets: Reclassification – Policy applicable from 1 August 2018**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the company changes its business model for managing financial assets.

**Financial assets: Subsequent measurement and gains and losses - Policy applicable from 1 August 2018**

*Financial assets at FVTPL*

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

*Financial assets at amortised cost*

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

*Equity investments at FVOCI*

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

**Financial assets – Policy applicable before 1 August 2019**

The company classified its financial assets in the following categories: available for sale financial assets and loans and receivables. The classification depends on the nature and purpose for which the financial assets were acquired and is determined at the time of initial recognition.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Financial Instruments (cont'd)

ii. Classification and subsequent measurement (cont'd)

Financial assets – Policy applicable before 1 August 2019 (cont'd)

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale financial assets are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of profit or loss as gains and losses from investment securities.

Dividends on available-for-sale financial assets are recognised in the statement of profit or loss as part of other income when the company's right to receive payments is established.

The company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of profit or loss is removed from equity and recognised in the statement of profit or loss.

*Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are classified as non-current assets. The company's receivables comprise 'trade and other receivables and advances' disclosed in the statement of financial position. Bad debts are written off during the period in which they are identified.

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment loss. An allowance for impairment loss of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Allowance is raised on a specific debtor level. Significant financial difficulties of the debtors and default or delinquency in payments are considered indicators that a specific debtor balance is impaired. Impairment assessed at a collective level is based on past experience and data in relation to actual write-offs.

Subsequent recoveries of amounts previously written off are credited in the statement of profit or loss.

**Financial Liabilities**

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



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Financial Instruments (cont'd)

iii. Derecognition

**Financial Assets**

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

The company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

**Financial Liabilities**

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

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

iv. Modifications of Financial Assets

If the terms of a financial asset are modified, the company evaluates whether the cash flows of the modified assets are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

**Policy applicable from 1st August 2018**

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

**Policy applicable before 1st August 2018**

If the terms of a financial asset were modified because of financial difficulties of the borrower and the asset was not derecognised, then impairment of the asset was measured using the pre-modification interest rate.

v. Offsetting

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

a. Impairment of Financial Instruments

**Policy applicable from 1st August 2018**

The company recognises loss allowances for ECLs on financial assets measured at amortised cost.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Financial Instruments (cont'd)

v. Offsetting (cont'd)

a. Impairment of Financial Instruments (cont'd)

*Policy applicable from 1st August 2018 (cont'd)*

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company consider 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 company's historical experience and informed credit assessment and including forward - looking information.

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

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

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

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

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

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

**Classification and subsequent measurement**

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., The difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive); and
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

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

*Credit - impaired financial assets*

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 30 days past due;
- the restructuring of a loan or advance by the company on terms that the company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial Instruments (cont'd)

v. Offsetting (cont'd)

a. Impairment of Financial Instruments (cont'd)

*Presentation of allowance for ECL in the statement of financial position*

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

*Write-Off*

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

**Policy applicable before 1st August 2018**

The company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. The company considers a decline of 20% to be significant and a period of twelve months to be prolonged. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

An allowance for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision 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.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss as part of provision for doubtful debts. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against provision for doubtful debts in profit or loss.

The company establishes an allowance for any doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off during the period when they are identified.

3 FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by the executive management under policies approved by the board of directors. The executive management identifies and evaluates financial risks in close co-operation with the company's operating units. The board provides written policies for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.



### 3 FINANCIAL RISK MANAGEMENT (continued)

#### A. Market Risk

##### i. Foreign exchange risk

The company is exposed to foreign exchange risk arising from various currency exposures in respect to purchase of inventory, primarily with respect to the Australian and New Zealand dollar. Foreign exchange risk arises from future commercial transactions and liabilities.

Management has set up a policy to require the company to manage their foreign exchange risk against their functional currency, in this case the Fiji dollar. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other than the Fiji Dollar. For significant settlements, the company is required to seek quotations from recognised banks and use the most favourable exchange rate for purposes of the settlement.

As at year end, assets and liabilities denominated in foreign currencies are minimal and hence changes in the Australian and NZ dollars by 10% (increase or decrease) is expected to have minimal impact on the net profit and equity balances currently reflected in the company's financial statements. Because of minimal asset and liability balances in overseas currencies, there has been little sensitivity to movements in the Australian and NZ dollars in 2020.

##### ii. Price risk

The company does not have investments in equity securities and hence is not exposed to equity securities price risk.

##### iii. Regulatory risk

The company's profitability can be significantly impacted by regulatory agencies established. Specifically, retail and wholesale prices are regulated by Fijian Competition and Consumer Commission.

##### iv. Cash flow and fair value interest rate risk

As the company has no significant interest-bearing assets and liabilities, the company's income and operating cash flows are substantially independent of changes in market interest rates.

#### B. Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The company's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management on a regular basis.

The company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the company's maximum exposure to credit risk.

Nil impairment losses on financial assets were recognised in profit or loss for the year.

##### Trade and Other Receivables

*Expected credit loss assessment for trade and other receivables as at 31 July 2022.*

The company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

**FIJI RICE PTE LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 JULY 2022**

**3 FINANCIAL RISK MANAGEMENT (continued)**

**B. Credit Risk (cont'd)**

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables from individual customers as at 31 July 2022:

	Weighted - Average Loss Rate (%)	Gross Carrying Amount (\$)	Loss Allowance (\$)	Credit Impaired (\$)
<b>31st July 2022</b>				
Current (not past due)	0.80%	30,338	244	No
30 days past due	0.84%	43,128	364	Yes
60 days past due	1.58%	245,501	3,886	Yes
More than 90 days past due	2.56%	41,672	1,067	Yes
		<b>360,639</b>	<b>5,561</b>	

Loss rates are based on actual credit loss experience over the past years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the company's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast GDP.

**C. Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash to meet the company's present obligations.

The company manages liquidity risk by continuously monitoring forecast and actual cash flows. All of the company's financial liabilities, i.e. trade and other payables at balance date are expected to be settled within the next 12 months.

Advances and loans from the Government of Fiji are non interest bearing and in the opinion of the directors will not be due for payment in the next twelve months. The shareholders have agreed in principle to convert \$4,600,000 of shareholders advance to a grant.

**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

**A. Impairment of accounts receivable**

Impairment of accounts receivable balances is assessed at an individual as well as on a collective level. At a collective level all debtors in the + 90 days category (excluding those covered by a specific impairment provision) are estimated to have been impaired and are accordingly provided for.

**B. Impairment of Property, Plant and Equipment**

The Company assesses whether there are any indicators of impairment of all property, plant and equipment at each reporting date. Property, plant and equipment are tested for impairment and when there are indicators that the carrying amount may not be recoverable, reasonable provision for impairment are created. For the year ended 31 July 2022, no provision for impairment has been made as the Company reasonably believes that no indicators for impairment exists.

**C. Deferred Tax Assets**

Deferred tax assets relating to tax losses and provisions have not been brought to account as it is not probable that future taxable profit will be available against which temporary differences and eligible tax losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely and level of future taxable profits together with future planning strategies.



**FJI RICE PTE LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 JULY 2022**

5 REVENUE	2022 (S)	2021 (S)
(i) <u>Operating Revenue</u>		
Milled grain	1,275,100	1,291,660
(ii) <u>Other Revenue</u>		
Deferred grant income	120,007	122,186
Paddy grant	1,299,464	982,119
Paddy sales	63,037	45,995
Sundry income	136,216	31,494
Interest income	59,306	91,880
Farm income	65,088	32,499
	<u>1,743,118</u>	<u>1,306,173</u>

- a. Paddy sales of \$63,037 relates to sale of paddy to the company for rice production which is grown by Fiji Rice Pte Ltd. The company is engaged in Farm project.
- b. Farm income of \$65,088 includes hiring of tractor, harvester and excavator.
- c. Interest income includes the interest earned from term deposit of \$1m in Kontiki Finance, \$1m in HFC.
- d. Paddy grant income of \$1,299,465 is the grant provided by the government of Fiji island to purchase paddy (raw material) from the farmers.
- e. Deferred grant income of \$120,007 is the income realised over the capital grant liability.
- f. Sundry Income of \$136,216 includes \$44,353 from UNCDF for the PICAP programme and \$67,306 has been received from QBE Insurance Company for the Insurance claim made by FRL.

**6 INCOME TAX**

(i) **Income Tax Expense**

Operating profit before income tax	754,503	172,039
Prima facie income tax expense calculated at 20% on the operating profit	150,901	34,408
<u>Add back permanent difference</u>		
Tax effect of non-deductible expenses	(751)	(13,264)
Tax effect of deductible expenses	-	-
Over / under provision of current tax and deferred tax in the prior years, net	(2,920)	-
	<u>147,230</u>	<u>21,144</u>
Deduct difference between lodgement and provision for income tax 2020	-	(5,341)
Reversal of provision for income tax booked in year 2020	-	(5,356)
<b>Income tax expense</b>	<u>147,230</u>	<u>10,447</u>

(ii) **Deferred Tax Asset**

Opening balance	-	-
<u>Add/Deduct</u>		
Tax Effect of increase in timing differences arising (Under)/over provision from prior year	6,107	-
Recognition/(utilisation) of DTA on tax losses	-	-
Closing balance	<u>6,107</u>	<u>-</u>

(iii) **Deferred Tax Liability**

Opening balance	-	-
<u>Add/Deduct</u>		
Tax Effect of increase in timing differences arising (Under)/over provision from prior year	(27,191)	-
Closing balance	<u>(27,191)</u>	<u>-</u>



**FIJI RICE PTE LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 JULY 2022**

6 INCOME TAX (continued)	2022	2021
	(\$)	(\$)
(iv) <b>Income Tax Benefit Payable / (Receivable)</b>		
Balance at beginning of the year	(36,525)	16,059
Tax liability for the current year	126,146	21,144
Income tax paid in 2021	-	(68,387)
Under Provision of Income Tax	-	(5,341)
<b>Balance at year-end</b>	<b>89,621</b>	<b>(36,525)</b>

In accordance with the policy stated in note 2(k) the deferred tax assets attributable to unconfirmed tax losses has not been brought to account as an asset. The asset will only be recognised if:

- a. the company derives assessable income of a nature and of sufficient amount to enable the benefit of tax losses and deductions to
- b. the conditions for deductibility imposed by law are complied with; and
- c. tax law does not change in a manner which adversely affects realisation of the benefit.

**7 TRADE AND OTHER RECEIVABLES**

Trade receivables	360,638	157,971
Provision for impairment	(6,295)	(8,513)
	<u>354,343</u>	<u>149,458</u>
Other debtors and prepayments	34,596	26,673
Government grant receivable	-	552,091
	<u>388,939</u>	<u>728,222</u>

The aging analysis of trade receivables is as follows:

Current	30,339	71,267
1 to 3 months	288,628	59,680
Over 3 months	41,672	27,024
	<u>360,639</u>	<u>157,971</u>

Movement in the provision for impairment is as follows:

Opening Balance	8,513	163,081
Provision for impairment	5,561	1,951
Debtors write off	(7,779)	(156,519)
	<u>6,295</u>	<u>8,513</u>

The company does not hold any collateral as security.

**8 INVENTORIES**

Raw materials	682,426	331,805
Less Provision for Stock Obsolescence	(20,473)	-
	<u>661,953</u>	<u>331,805</u>
Finished goods	65,265	30,083
Consumables	24,489	35,862
	<u>751,707</u>	<u>397,750</u>

FRL had a closing stock of raw material (Paddy) of 909,901kg valued at \$682,425.38 at the financial year end.

**9 CASH ON HAND AND AT BANK**

Cash at bank operating account - HFC Bank	391,789	551,193
Cash on hand	225	58
Cash at bank grant account - HFC Bank	1,130,620	51,166
Rice development fund - HFC Bank	69,752	84,763
Dreketi operating account - HFC Bank	661	721
Undeposited fund	-	2,996
	<u>1,593,047</u>	<u>690,897</u>

The cash at bank grant account is use only for the purpose of paying the Farmers (Farmers who supply the paddy (raw material) to Fiji Rice Pte Ltd. The Rice Development Fund Account is used for the purpose of Rice Projects only.

**FIJI RICE PTE LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 JULY 2022**

<b>10 TERM DEPOSITS</b>	<b>2022</b>	<b>2021</b>
	(\$)	(\$)

FRL holds \$2,007,057 in term deposit with the following Banks/Financial Institution:

Bank/Financial Institution	Period	Interest Rate		
Kontiki Finance	1 year	2.75%	-	1,010,269
Kontiki Finance	1 year	2.75%	1,007,057	1,070,426
HFC Bank	1 year	1.35%	1,000,000	-
			<u>2,007,057</u>	<u>2,080,695</u>

**11 DEFERRED GRANT LIABILITY**

Opening Balance	619,193	741,379
Grant received from Government	-	-
Less: Recoupment of deferred grant revenue	(120,007)	(122,186)
	<u>499,186</u>	<u>619,193</u>

Classified as follows:

Current	120,007	122,759
Non-current	379,179	496,434
	<u>499,186</u>	<u>619,193</u>

**12 PROPERTY, PLANT AND EQUIPMENT**

**(i) Movements in Carrying Amounts**

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Leasehold and Freehold Land and Building	Motor Vehicle	Furniture Fittings and Equipment	Mill Machinery and Plant	Work In Progress	Total
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
Balance as at 01 August	1,549,790	1,272,437	231,997	1,801,794	-	4,856,018
Additions	9,170	-	8,948	82,793	73,853	174,764
Transfer	-	-	-	-	-	-
Disposal	(69,688)	(176,627)	(195,236)	(774,106)	-	(1,215,657)
Balance as at 31st July	<u>1,489,272</u>	<u>1,095,810</u>	<u>45,709</u>	<u>1,110,481</u>	<u>73,853</u>	<u>3,815,125</u>
<b>Accumulated depreciation</b>						
Balance as at 01st August	316,470	831,244	209,746	1,221,750	-	2,579,210
Depreciation for the year	33,068	173,750	2,843	41,713	-	251,374
Disposal	(69,688)	(176,627)	(195,236)	(774,106)	-	(1,215,657)
Balance as at 31st July	<u>279,850</u>	<u>828,367</u>	<u>17,353</u>	<u>489,357</u>	<u>-</u>	<u>1,614,927</u>
<b>Net carrying amount</b>						
31st July 2022	<u>1,209,422</u>	<u>267,443</u>	<u>28,356</u>	<u>621,124</u>	<u>73,853</u>	<u>2,200,198</u>
31st July 2021	<u>1,233,320</u>	<u>441,193</u>	<u>22,251</u>	<u>580,044</u>	<u>-</u>	<u>2,276,808</u>

(ii) WIP of \$73,853 relates to the Upgrade of Dreketi Mill Building which is been completed in the next financial year.

(iii) The disposal relates to the Zero written down values of the asset which has been outdated, sold and no physical existence.



**FLJI RICE PTE LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 JULY 2022**

	2022	2021
	(\$)	(\$)
<b>13 INTANGIBLE ASSETS</b>		
<b>Cost - Computer software</b>		
Balance as at 01 August	8,508	8,508
Additions	-	-
Disposal	-	-
Balance as at 31 July	<u>8,508</u>	<u>8,508</u>
<b>Accumulated amortisation</b>		
Balance as at 01 August	3,616	3,120
Amortisation for the year	851	496
Balance as at 31 July	<u>4,467</u>	<u>3,616</u>
<b>Net carrying amount - 31st July</b>	<u>4,041</u>	<u>4,892</u>
<b>14 TRADE AND OTHER PAYABLES</b>		
Trade creditors	24,371	21,919
Accrued expenses	22,049	-
Government grant received in advance	25,677	-
VAT payable	85,450	2,243
	<u>157,547</u>	<u>24,162</u>
<b>15 REVOLVING FUND</b>		
Rice Development revolving fund	91,743	91,743
	<u>91,743</u>	<u>91,743</u>
<p>The company received funding of \$100,000 from the Ministry of Finance for the Rice Development Program where the company will undertake rice farming on idle rice farms for farmers. The farmers will provide the land at nil cost, in return, the company will cultivate the land, harvest the paddy and supply the paddy to the mill at their own cost. From the proceeds received from the supply of paddy (market rate), the company will deduct all the production costs plus an administration cost of 10% before surplus from proceeds is distributed to farmers. The production cost will be reimbursed in the Rice development program funds. This fund operates as a revolving fund facility whilst the 10% administration cost will be utilised for the company's operational costs.</p> <p>The company maintains a separate bank account to administer this funds and acquits to the Ministry of Finance on a quarterly basis.</p>		
<b>16 PROVISIONS</b>		
<b>Employee Entitlements</b>		
Opening Balance	6,086	5,964
Add: Accruals made in the year	3,768	6,086
Less: Leave utilised in the year	(6,086)	(5,964)
Closing Balance	<u>3,768</u>	<u>6,086</u>
<b>17 BORROWINGS</b>		
<b>Non-Current</b>		
Advance from Shareholder	4,825,382	4,825,382
Loan from Government of Fiji	1,900,000	1,900,000
	<u>6,725,382</u>	<u>6,725,382</u>

Advances and loans from the Government of Fiji are non interest bearing and in the opinion of the directors will not be due for payment in the next twelve months. The shareholders have agreed in principle to convert \$4,600,000 of shareholders advance to a grant. However the directors will effect this at such point in time whereby tax considerations have been satisfied relating to the conversion of the shareholders advance to a grant.



**FIJI RICE PTE LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 JULY 2022**

18 – SHARE CAPITAL	2022 (S)	2021 (S)
Authorised Capital 950,000 ordinary shares of \$2 each	1,900,000	1,900,000
Issued and fully paid 753,112 ordinary shares of \$2 each	<u>1,506,224</u>	<u>1,506,224</u>
<b>19 – EARNINGS / (LOSS) PER SHARE</b>		
Net profit for the year	754,503	172,039
Number of equity shares outstanding (Nos)	753,112	753,112
Basic and diluted earnings per share	1.00	0.23

**20 – LEASES**

**As a Lessee**

The company leases premises and land. Information about leases for which the company is a lessee is presented below:

**(i) Right of use assets**

Balance at 1 August 2021	45,872	34,213
Additions for the year	-	23,463
Depreciation charge for the year	(11,803)	(11,804)
<b>Balance at 31st July 2022</b>	<u>34,069</u>	<u>45,872</u>

**(ii) Lease Liabilities**

Balance at 1 August 2021	48,430	35,923
Additions for the year	-	23,463
Payments	(11,641)	(10,956)
<b>Balance at 31st July 2022</b>	<u>36,789</u>	<u>48,430</u>

**21 – RELATED PARTIES**

**(a) Directors**

The following were directors of the Company at any time during the financial year and up to the date of this report:

Mr. Raj Sharma	Board Chairman
Mr. Ratu Wiliame M Katonivere	Deputy Director - resigned on 21 October 2021
Mr. Ashok Kumar	Deputy Director - resigned on 21 April 2023
Mr. Michael Faktaufon	Director - appointed on 20 December 2021 till 2023
Ms. Priyashmi Chand	Director - appointed on 20 December 2021
Mr. Jimione Buimaiwaj	Director - appointed on 17 April 2023
Ms. Virisila Tuimano	Director - appointed on 17 April 2023
Mr. Atonio Lavekau	Director - appointed on 17 April 2023

Directors fees and other benefits paid for the financial year are as follows:

Directors Fees	<u>24,542</u>	<u>22,230</u>
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**(b) Identity of related parties**

The Company has a related party relationship with the Government of Fiji and its various Ministries and Departments, directors and executive officers. The Government of Fiji is a related party by virtue of its shareholding. The Company pays for Government services provided and taxes on the same basis as any other corporate entity in Fiji.

**FIJI RICE PTE LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 JULY 2022**

21 RELATED PARTIES (continued)	2022	2021
	(\$)	(\$)
<b>(c) Amounts receivable/payable to related parties</b>		
Advance from shareholder	4,825,382	4,825,382
Loan from Government of Fiji	1,900,000	1,900,000
	<u>6,725,382</u>	<u>6,725,382</u>
Government grant receivable/payable	<u>(25,677)</u>	<u>552,091</u>

**(d) Transactions with related parties**

During the year, the Company entered into various transactions with related parties. The aggregate value of major transactions with the related parties during the year is as follows:

Government of Fiji		
Paddy grant revenue	<u>1,299,464</u>	<u>982,119</u>

**(e) Transactions with key management personnel**

Key management personnel comprise of General Manager, Accountant and Mill Manager

Transaction with key management are no more favourable than those available, or which might be reasonably be expected to be available, on similar transactions to third parties at arm's length.

Salary and allowance	120,000	120,000
Contribution to Fiji National Provident Fund	7,200	12,000
	<u>127,200</u>	<u>132,000</u>

**22 CAPITAL COMMITMENTS**

Capital commitment at balance date amounted to \$57,385 relating to the upgrade of the Mill building (2021: \$Nil).

**23 CONTINGENT LIABILITIES**

Contingent Liabilities at balance date - \$Nil.

**24 SIGNIFICANT EVENTS DURING THE YEAR**

**Conversion of Government Loan to Equity**

The conversion of Government loan to equity for Fiji Rice Pte Ltd was announced in 2021 COVID-19 response budget. The company is on the verge of finalizing the share certificate. The debt to Equity conversion to take place once the share certificate is finalized. This will have a major impact on the debt of the company.

**25 SUBSEQUENT EVENTS**

There has not arisen in the interval between the end of the financial year and the date of the report any item, transactions or events of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

**FJI RICE PTE LIMITED**  
**DETAILED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 JULY 2022**

	2022 (S)	2021 (S)
Sales	1,275,100	1,291,660
	<u>1,275,100</u>	<u>1,291,660</u>
Less: Cost of Sales		
Opening Stock	397,750	440,721
Cost of Production	1,616,467	1,187,051
Closing Stock	(751,707)	(397,750)
<b>Total Cost of Sales</b>	<u>1,262,510</u>	<u>1,230,022</u>
<b>Gross Profit/(Loss)</b>	<u>12,590</u>	<u>-61,638</u>
Gross Loss/Profit %	1%	5%
Administrative Expenses	(826,401)	(930,745)
Other Expenses	(174,804)	(265,027)
<b>Trading Losses</b>	<u>(988,615)</u>	<u>(1,134,134)</u>
Add: Other Income	1,743,118	1,306,173
<b>Operating Profit Before Income Tax</b>	<u>754,503</u>	<u>172,039</u>



**FIJI RICE PTE LIMITED**  
**DETAILED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 JULY 2022**

ADMINISTRATIVE EXPENSES	2022 (\$)	2021 (\$)
Advertising and promotion	8,854	4,862
Staff amenities - admin	1,032	997
Staff amenities - Dreketi	1,001	958
Business meeting expense	5,493	3,734
Legal and accounting	51,291	18,418
Board meeting expense	2,155	1,324
Provisional tax	1,292	1,273
Fumigation and cleaning	368	507
Depreciation on right use of assets	11,803	11,804
Board travelling expenses	2,097	2,700
Insurance	90,706	46,405
Rent and town rate	15,696	14,812
FNPF contribution	19,622	37,684
PAYE	9,672	6,600
Stationery	1,235	600
Annual leave	(2,318)	127
Salaries	132,321	139,189
Telephone/fax/internet	7,303	7,246
Director's fee	24,542	22,230
Travelling and accommodation	2,862	-
Staff entertainment	1,118	13,610
Water rates	1,195	988
Levy - FNU	3,651	3,746
Electricity	3,850	4,086
Depreciation and amortisation expense	252,227	266,133
Computer software	250	250
Fire extinguisher services	229	417
Interest charge on lease liability	2,479	3,164
Sales and delivery expenses	84,534	39,940
Wages - Labasa	41,341	30,925
Dreketi supplies	303	577
Office expenses	8,883	5,169
Fuel and oil motor vehicle	9,004	3,998
Repairs and maintenance and motor vehicle expense	13,141	7,107
Wheel tax	2,907	4,317
Bank charges	7,249	10,516
Fringe benefit expense	1,452	1,449
Donation	-	5,500
Doubtful debts	5,561	1,951
Other expense	-	29,757
Disposal of asset	-	37,171
Bad debts	-	12,276
Inventory adjustment	-	126,228
<b>Total Expenses</b>	<b>826,401</b>	<b>930,745</b>

