



FIJI RICE PTE LTD
ANNUAL
REPORT
2018





COMPANY PROFILE

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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DISCAILMER 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,2018 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.

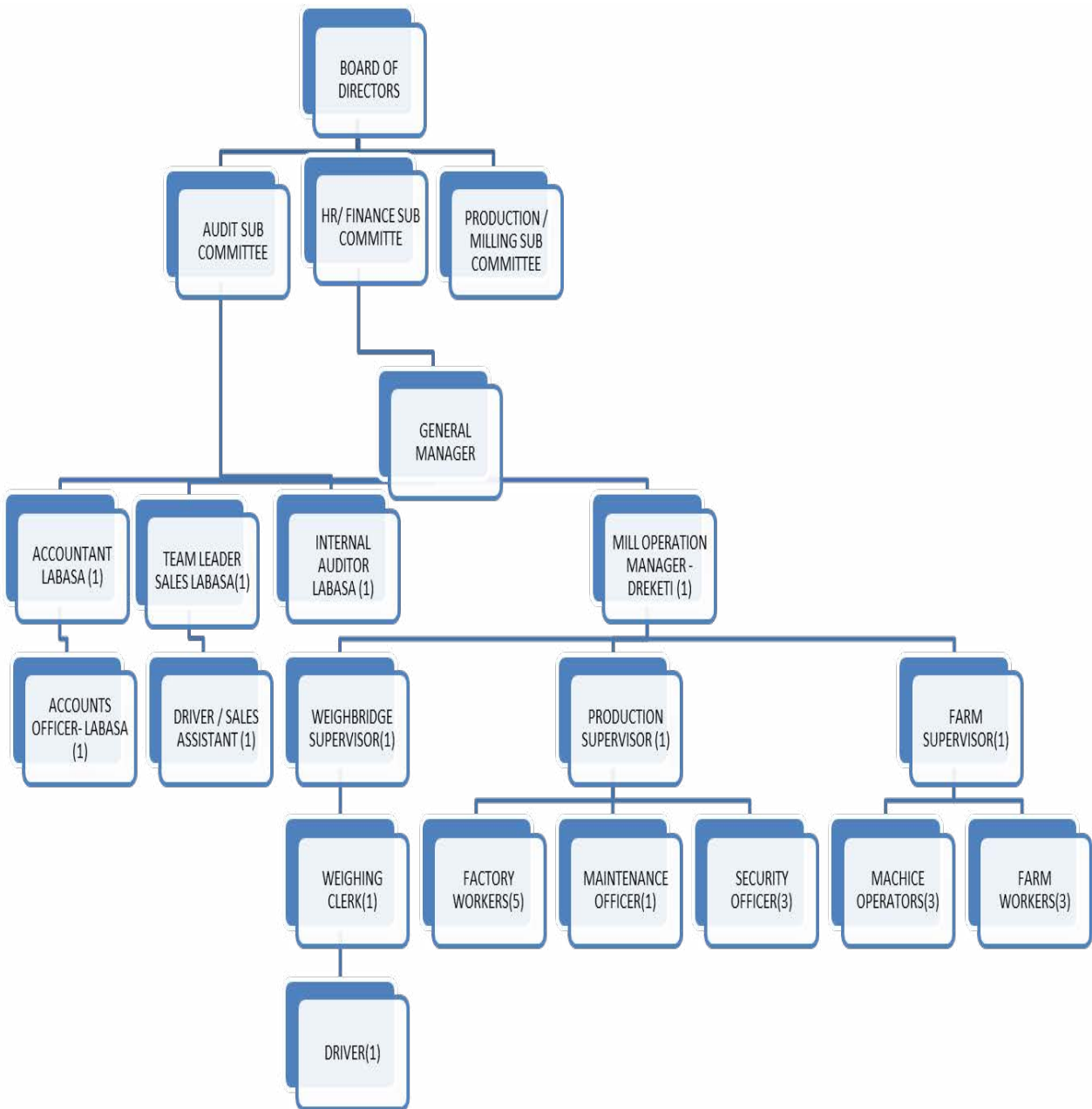
FRL now has a clear direction to meeting the shareholder's (state) expectations. We as the Board and Management are committed to make a change for the best of this industry and country as whole at Fiji Rice Limited, "beyond milling", with adequate monitoring as reporting.

STRATEGIC FOCUS AREA

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

Our People	We must recognize our people who have the company at heart	<ol style="list-style-type: none"> 1. Review Staff Terms & Conditions inclusive of pay. 2. Explore medical insurance package for Staff. 3. Organization Structure review to support business needs. 4. Arrange for training and development programs for staff through in-house and external training providers. 5. Job rotation to train staffs at all different job centres.
Finance & Profitability	To have prudent platform to be self-sufficient in coming years.	<ol style="list-style-type: none"> 1. Overall Audit Report standards to achieve moderate or below ratings. 2. To complete external pending audits and Annual reports. 3. Appointed in-house Internal Auditor reporting to Audit & Finance Board Sub-Committee. 3. Target profitability to increase at least 10% per year.
Community & Environment	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.	<ol style="list-style-type: none"> 1. Meet the desired expectation of Government and all stakeholders beyond financials. 2. Consider research or technical assistance rice production / milling as part of green growth activities. 3. Assessment & impact of climate change activities i.e. salt water intrusion, drainage works & draught problems.

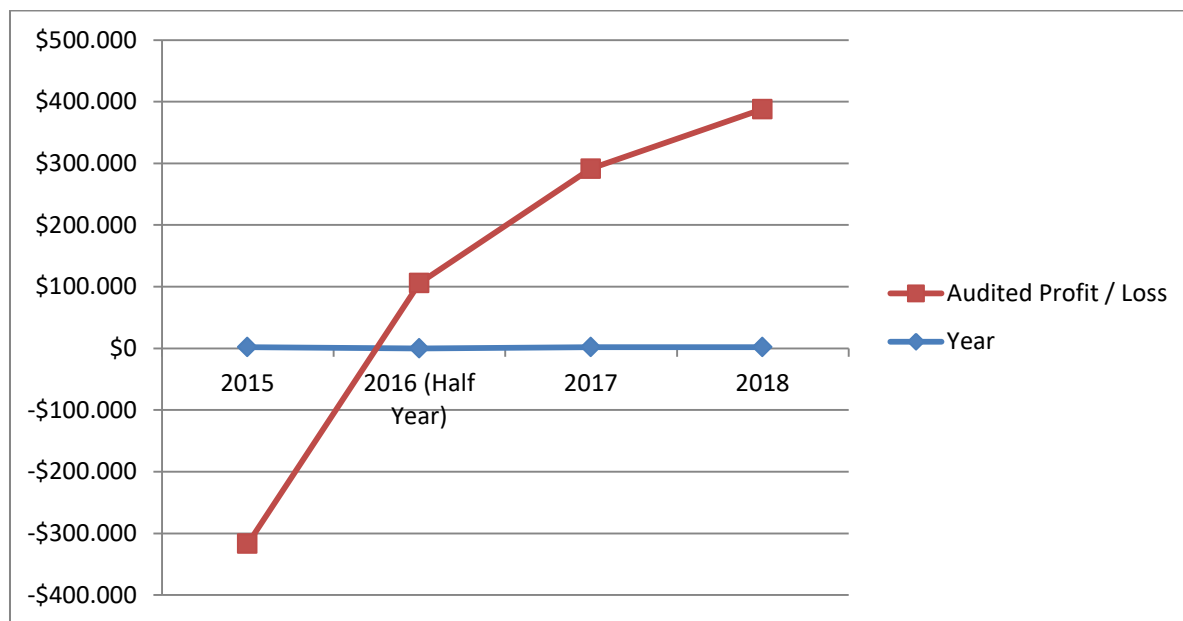
CURRENT ORGANIZATION STRUCTURE



FINANCIAL HIGHLIGHTS

GRAPH 1: AUDITED PROFIT/LOSS AFTER INCOME TAX FROM 2015 - 2018

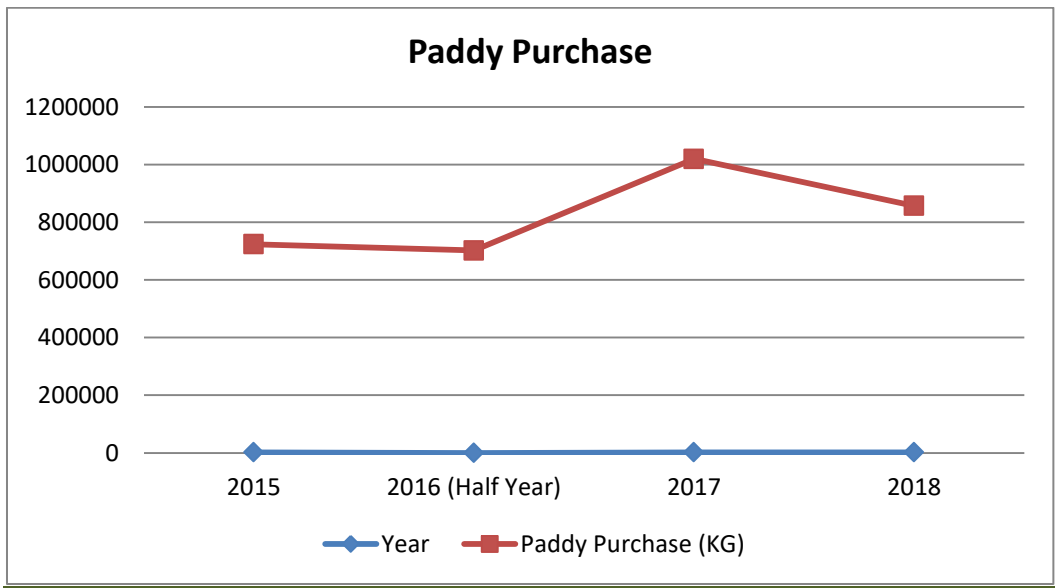
Year	2015	2016 (Half Year)	2017	2018
Audited Profit / Loss	-\$318,691	\$105,952	\$289,377	\$386,068



The above graph illustrates the profitability trend which follows the production trend. The challenges of rising cost of doing business continues and the company is now focusing on areas/investments to generate revenue while keeping in mind the core business of the company.

GRAPH 2: FIJI RICE LTD PADDY PURCHASE RECORD FROM 2015-2018

Year	2015	2016 (Half Year)	2017	2018
Paddy Purchase (KG)	724037	702235	1,019,650	857,009



Graph 2 illustrates the paddy supply trend which decreased in 2018 due to major flooding in Dreketi followed by drought during later part of the year. The production is expected to increase in 2019 where the company ventures 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.

HISTORIC EVENTS

1. Grand Opening of New Mill

The Honorable Prime Minister officially opened FRL New mill on 3rd July 2018. The mill was procured from China worth \$150,000.00 together with Mill Building extension worth \$250,000.00. The new mill has crushing capacity of 10tons per day which will enhance production per day to meet growing market demand. The Honorable Prime Minister assured continued Government Support.



2. New Market

Fiji Rice through Fijian Grown Campaign secured a new premium market by supplying to Fiji Airways for in-flight meals. This provided opportunity for the company to promote our rice to all travelling passengers. We are proud of reaching out to some of the returning Fijians who knew about Rewa Rice.



Vinesh Prasad is in Fiji.

August 18, 2018 · 🧑

Congratulations Fiji Airways for promoting local produce and hats off to your great service in my last two flights within three weeks. You guys have taken the inflight service to another level and I salute you guys. Though our flight was late due to arrival of inbound flight but your inflight crew and thier services were superb. On same note I congratulate my brother and fellow northerner [Raj Sharma](#) For taking the branding of local rice to another level and now we have Fiji Rice that is absolute gem to eat and provides much needed Economic opportunity for our farmers all over Fiji. This kind of oppourtunities are needed by our farmers, fishermen and foresters all over [#Pacific](#) .@Vineshfiji [#Fijiairways](#) [#Golocal](#)

3. Fiji Rice Staff gets pay rise.

After a successful financial year 2017, 21 employees of the company received a pay increment of 5% announced by Attorney General AiyazSayed-Khayium on 26th August 2017.



4. Training & Development

Fiji Rice Limited organized Leadership Training for its senior management staff. This was conducted by Pure Magic International Business Solutions. Through the developments done at the company and turnaround financially, it was the right time to upskill our team.



5. Launch of Rice Farmers Micro-Bundle Insurance

Fiji Rice in partnership with PFIP (UNDP) & Fiji Care launched insurance scheme for Rice farmers. This scheme covers for Life, Accident, Fire and Funeral Benefits for up to \$10,000.00. Fiji Rice managed to negotiate the lowest premium of \$52 per year.

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 (Director) – resigned on 21 October 2021.

Mr. Ashok Kumar (Director)

Mr. Vijay Chand (Director)

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

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

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. The board met 12 times during the year.

Committees of the Board

The Board has formally constituted the Human Resources committee, Milling & 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

It is an honour to be appointed as the Chairman for this Company. We would like to thank the Government, in particular the Prime Minister, Minister for Economy & Public Enterprise, Minister for Agriculture, Ministries' Staff, all the shareholders, farmers, customers, Board of Directors, Management and staff of Fiji Rice Limited (FRL) for their contributions and support for the past years' of operations.

After 50 years, FRL opened its New Mill at Muanidevo, Dreketi, the upgraded of Silo, received the Farm Equipment, tractors and diggers as a donation from the Government to help out our farmers.

In that note, 2018 we made a profit before tax of \$482,584.

The product of Fiji Rice Limited carries the Fijian grown logo. This logo reaffirms our commitment and ability to produce rice locally and one that we should all be proud of.

Furthermore, our commitment to community and industry has strengthened through farm projects with the help of the Government.

We continue to offer high quality sustainable services with the spirit of leadership that we are known for, in order to continue for sustainability and supporting the Government initiatives such as food security.

I wish to thank the Government of Fiji for continuous assistance in terms of funding, grants and management support as they play key role in development of rice industry.

Lastly, I thank the Directors, Management, Staffs and most importantly our Farmers.



.....
Mr. Raj Sharma

Chairman FRL Pte Ltd

GENERAL MANAGER'S REPORT

It is indeed my great pleasure to present to you Fiji Rice PTE Limited's Annual Report 2018.

Year 2018 was a very exciting year for the company and no doubt, we rose with challenges and took it as an opportunity to promote and improve our performances.

The year was highlighted by several accomplishments in which we can all be proud of such as

- The new mill worth \$260,000.00 started operating in full capacity after installation completed in August 2017
- 7-ton truck worth \$117,422.00
- New Fencing at Dreketi Mill worth \$30,275.00
- Tractor with implements worth \$95,000.00
- Paddy Dryers worth \$68,185.00
- 857 tons of paddy received despite major flooding at Dreketi Irrigation in March 2018.

The company set its Strategic Goals and hence vigorously worked towards;

- Increasing production by reaching out to farmers and joint venture farming projects.
- Strengthening of policy, legal, regulatory, and strategic framework for sustainable operations.
- Improving and strengthening of our supply chain, market access and marketing of brown rice
- Enhancement and strengthening of our stakeholder's partnership especially with Ministry of Economy, Ministry of Agriculture, Farmers and Customers.
- Strengthening of effective financial regulatory, compliance and enforcement.

I must acknowledge the contribution of the Board of Directors and all staff for making it possible to achieve another pleasing performance despite limited resources and challenges.

Vinaka



Mr. Ashrit Pratap
General Manager
Fiji Rice Limited



FIJI RICE PTE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2018

OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



6-8TH Floor, Ratu Sukuna House
2-10 McArthur St
P. O. Box 2214, Government Buildings
Suva, Fiji

Telephone: (679) 330 9032
Fax: (679) 330 3812
E-mail: info@auditorgeneral.gov.fj
Website: <http://www.oag.gov.fj>



File: 1268

2 June 2020

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

Dear Mr. Sharma

FIJI RICE LIMITED
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

Audited financial statements of the Fiji Rice Limited for the year ended 31 July 2018 together with my audit report on them are enclosed.

Particulars of the errors and omissions arising from the audit have been forwarded to the Management for necessary actions.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ajay Nand'.

Ajay Nand
AUDITOR-GENERAL

Encl.

cc: Ashrit Pratap – Manager, Fiji Rice Limited

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DIRECTORS' REPORT

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 2018, and the related statement of comprehensive income, changes in equity and 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:

- Raj Sharma – Chairman
- Ashok Kumar
- Vijay Chand
- Ratu William Katonivere

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 leased storage space at its Nausori warehouse.

3 Results

The operating profit after income tax for the year was \$386,068 (2017: operating profit after income tax of \$289,377).

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 2018 there is an overall excess of liabilities over assets (deficiency) of \$4,089,965

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.

DIRECTORS' REPORT - Continued

7 Bad and Doubtful Debts

Prior to the completion of the company's financial statements, the directors took reasonable steps to ascertain that action had been taken in relation to writing off of 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 provision for doubtful debts in the company, inadequate to any substantial extent.

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 were unlikely to be realised in the ordinary course of the business compared to their values as shown in the accounting records of the company. Where necessary these assets 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, the Company is not aware of any matter or circumstances other than what is dealt in the financial statements (Note 21) that 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.

11 Other Circumstances

At the date of this report:

- (i) No charges 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 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 within 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.

DIRECTORS' REPORT – Continued


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.

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

Dated this 28th day of May 2020.


.....
Director


.....
Director

STATEMENT BY DIRECTORS

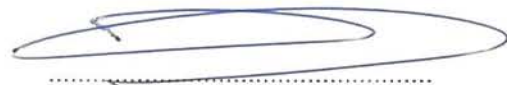
In accordance with a resolution of the Board of Directors of Fiji Rice Limited, we state that in the opinion of the directors:

- (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 31 July 2018
- (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 31 July 2018
- (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 31 July 2018
- (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 31 July 2018
- (v) at the date of this statement there are reasonable grounds to believe 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 of directors and in accordance with a resolution of the directors.

Dated this *20th* day of *May* 2020.


.....
Director


.....
Director

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6-8TH Floor, Ratu Sukuna House
2-10 McArthur St
P. O. Box 2214, Government Buildings
Suva, Fiji

Telephone: (679) 330 9032
Fax: (679) 330 3812
E-mail: info@auditorgeneral.gov.fj
Website: <http://www.oag.gov.fj>



INDEPENDENT AUDITOR'S REPORT

FIJI RICE LIMITED

I have audited the accompanying financial statements of Fiji Rice Limited ("the Company"), which comprise the statement of financial position for the year ended 31 July 2018, statement of comprehensive income, statement of changes in equity and statement of cash flow, and a summary of significant accounting policies and other explanatory information as set out on notes 1 to 21.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs, the accompanying financial statements present fairly, in all material respects, the financial position of the Fiji Rice Limited as at 31 July 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

1. Included in the cash at bank balance of \$798,421 (Note 9) is unidentified deposits with a credit balance of \$15,641. I was not provided with necessary supporting documents to ascertain the accuracy of this amount. Consequently, I am unable to determine if cash at bank balance is accurately stated in the financial statements.
2. Included in trade and other receivables (Note 7) is other debtors and prepayments amounting to \$398,902. A component of this balance is Advance tax amounting to \$134,759 which includes tax payment of \$44,919 which does not relate to 2018 tax year. Consequently, I was unable to satisfy myself if other debtors and prepayments balance is fairly stated in the financial statements.
3. The company has recorded nil VAT receivable or payable in the statement of financial position. However, we noted a deposit of VAT refund amounting to \$10,388 relating to the month of July 2018. The company has also not performed VAT reconciliation for the year ended 31 July 2018. Consequently, this has understated trade and other receivable balance by \$10,388.
4. Included in Borrowings of \$6,725,382 is Advance from Shareholders amounting to \$4,825,382. I was not provided with the written confirmation of the loan balance. Additionally, it has been disclosed in Note 15 that shareholders have agreed in principal to convert \$4,825,382 as grant to the Company. However, I was not provided with any written supporting document on the status of this conversion as at 31 July 2018. As such, I am unable to satisfy myself on the accuracy and completeness of the borrowings and the related disclosure as disclosed in the financial statement.
5. The Company did not provide supporting schedules for computation of income tax to support the Income Tax expenses of \$96,517 as disclosed under Note 6(a). As a result, I unable to satisfy myself on the accuracy and completeness of the income tax expense and if any adjustment is required for the related income tax payable in the statement of financial position.

6. I was not invited for a stock take of the company's inventory for the financial year ended 31 July 2018. I was also unable to obtain assurance of the inventory balance through alternative audit procedures. Consequently, I am unable to ascertain the accuracy of the inventory balance of \$170,224 reported in the statement of financial position.
7. Included in the Statement of Changes in Equity under Accumulated Losses is a prior year adjustment amounting to \$91,662. The company has not made prior year adjustment in accordance with International Accounting Standards (IAS) 8, which requires the adjustment to be made retrospectively. Consequently, prior year adjustment of \$91,662 is not disclosed appropriately in the financial statements.
8. The company has not maintained appropriate system for identifying and recording accruals at balance date. I was unable to quantify the value of misstatement relating to accruals and if any adjustment that would have been required in respect to the accruals and corresponding adjustment to the elements making up of the statement of comprehensive income.

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 Accountants 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 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

- As discussed in the Note 2(b)(iii), of Significant Accounting Policies, there was an overall excess of liabilities over assets of \$4,089,965 (2017: \$4,384,371) as at 31 July 2018.
- As discussed in Note 21, Subsequent Events note, the management of the company states that there is no major impact of COVID 19 on the operation of the company. In addition, the Minister of Economy has announced in the COVID 19 response budget that debt of the company will be transferred to equity. This when happens will have a major impact on the company's debt.
- Reference is made to Note 11 of the Notes to the Financial Statements. The Company has mill machinery and plant with total historical cost of \$321,400 which are still used in the production of rice. These assets are fully depreciated. The company continues to derive economic benefit from these assets which is not accounted.

Other Matters

- The Company does not have risk management policy to support the risk assessment disclosed as Note 3 Financial Risk Management in the financial statements.
- Deficiencies in the internal controls were noted in the area of procurement, payroll, asset management and receipting which needs to be strengthened to minimize the risk of mismanagement and fraud.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, Companies (Amendment) Act 2015, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing 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 management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The Board members are responsible of overseeing the entity's financial reporting process.

Auditor's Responsibility 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 International Standards on Auditing (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 these financial statements.

As part of an audit in accordance with ISA, I exercise professional judgement and maintain professional scepticism 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

I have obtained all the information and explanation which, to my best of my knowledge and belief, were necessary for the purpose of my audit.

In my opinion;

- a) proper books of account have been kept by Fiji Rice Limited, sufficient to enable financial statement to be prepared, so far as it appears from my examination of those books,
- b) to the best of my information and according to the explanations given to me, give the information required by the Companies (Amendment) Act 2015, in the manner so required



Ajay Nand
AUDITOR-GENERAL



Suva, Fiji
2 June 2020

FIJI RICE LIMITED**STATEMENT OF COMPREHENSIVE INCOME
AS AT 31 JULY 2018**

	Note	2018 \$	2017 \$
Revenue	5(i)	1,061,155	731,105
Cost of sales		<u>(1,210,220)</u>	<u>(839,002)</u>
Gross loss		(149,065)	(107,897)
Other revenue	5(ii)	944,016	1,012,934
Gain on sale of property	5(iii)	304,952	---
Administrative expenses		(617,319)	(543,316)
Profit/ (loss) from continuing operating activities		<u>482,584</u>	<u>361,721</u>
Income (expenses)/ tax credit	6	(96,516)	(72,344)
Profit after income tax		<u>386,068</u>	<u>289,377</u>
Other comprehensive income		---	---
Total comprehensive income for the year		<u>386,068</u>	<u>289,377</u>

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 23.

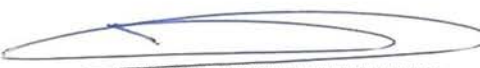
	Notes	2018 \$	2017 \$
CURRENT ASSETS			
Cash on hand and at bank	9	798,421	458,737
Trade and other receivables	7	366,541	154,224
Inventories	8	170,224	404,261
		1,335,186	1,017,222
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,580,615	1,989,319
Intangible asset	12	6,380	6,875
		1,586,995	1,996,194
TOTAL ASSETS		2,922,181	3,013,416
CURRENT LIABILITIES			
Trade and other payables	13	139,865	260,966
Provisions	14	570	---
Grant Received in Advance		---	130,821
		140,435	391,787
NON-CURRENT LIABILITIES			
Borrowings	15	6,725,382	7,006,000
Deferred grant liability	10	146,330	---
		6,871,712	7,006,000
TOTAL LIABILITIES		7,012,147	7,397,787
NET ASSETS		(4,089,965)	(4,384,371)
SHAREHOLDERS' EQUITY			
Share capital	16	1,506,224	1,506,224
Accumulated losses		(5,596,189)	(5,890,595)
TOTAL SHAREHOLDERS' EQUITY		(4,089,965)	(4,384,371)

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 23.

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

Dated this ~~28th~~ day of *may* 2020.


.....
Director


.....
Director

	Share capital (\$)	Accumulated Losses (\$)	Total (\$)
Balance at 31st July 2016	1,506,224	(6,179,972)	(4,673,748)
Comprehensive income			
Net profit for the year		289,377	289,377
Total Comprehensive Income for the Year	1,506,224	(5,890,595)	(4,384,371)
Balance at 31st July 2017	1,506,224	(5,890,595)	(4,384,371)
Comprehensive Income			
Net profit for the year		386,068	386,068
Prior Year Income Tax Assessed Payable		(91,662)	(91,662)
Total Comprehensive Income for the Year	1,506,224	(5,596,189)	(4,089,965)
Balance at 31st July 2018	1,506,224	(5,596,189)	(4,089,965)

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers & government grants		1,792,854	1,995,985
Payment to suppliers and employees		(1,824,599)	(1,423,035)
Income tax paid		(96,516)	
Net Cash provided by / (used in) operating activities		(128,261)	572,950
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property plant & equipment		983,564	---
Acquisition of property plant & equipment		(381,331)	(452,662)
Net Cash provided by / (used in) investing activities		602,233	(452,662)
CASH FLOWS FROM FINANCING ACTIVITIES			
Retained Earnings			
Proceeds from borrowing		(280,618)	247,452
Receipt of capital grant from government		146,330	
Net Cash provided by / (used in) financing activities		(134,288)	247,452
Net increase in cash and cash equivalents		339,684	367,740
Cash and cash equivalents at the beginning of the year		458,737	90,997
Cash and Cash Equivalents at the end of the Year	9	798,421	458,737

(The Statement of Cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 21.

FIJI RICE LIMITED

1. GENERAL INFORMATION

FIJI Rice 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 Damanu 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 leased storage space at its Nausori warehouse.

The ultimate holding entity is the Government of Fiji.

These financial statements were authorised for issue by the directors on 28th May 2020.
The shareholders have the power to amend the financial statements after issue.

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 available-for-sale financial assets, financial assets and liabilities at fair value through profit & loss.

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 31 July 2018 there is an overall excess of liabilities over assets (deficiency) of \$(4,089,965) (2017: \$4,384,371).

The principal components of liabilities are advances from shareholder and subordinated loan amounting to \$6,757,734 (2017: \$7,149,173). 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

c) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment 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. Provision is raised on a specific debtor level as well as on a collective basis. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, 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. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. 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 in the statement of comprehensive income.

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.

FIJI RICE LIMITED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

g) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

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 either 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.

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**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

q) Changes in Accounting Policies

Amendments to standards and annual improvements effective from 1 January 2017

A number of amendments to standards and annual improvements are effective for the first time for periods beginning on (or after) 1 January 2017. None of the amendments have a material effect on the company's annual financial statements.

Amendments and annual improvements which is relevant to the company is presented below.

1. Amendments to IAS 1 – Disclosure Initiative

New standards, amendments, annual improvements and interpretation that have been issued but are not mandatorily effective as at 31 July 2018

Certain new standards, amendments, annual improvements and interpretation which are not yet mandatorily effective and have not been adopted early in these financial statements, will or may have an effect on the company's future financial statements. The company intends to adopt these standards, amendments, annual improvements and interpretation if applicable, when they become effective.

1. IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration
2. Annual Improvements to IFRS Standards 2014-2016 cycle dealing with matters in IFRS 1
3. New Standards: IFRS 9 : Financial Instruments
IFRS 15 : Revenue from Contracts with Customers
IFRS 16 : Leases

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.

(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 2018.

FIJI RICE LIMITED

3. **FINANCIAL RISK MANAGEMENT- continued**

(a) **Market risk - continued**

(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 is managed by executive management with board oversight. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. As part of its risk control procedures, an assessment of the credit quality of a new customer, taking into account its financial position, past experience and other factors, is carried out prior to the credit approval. Individual credit risk limits are then set based on the assessments done. The utilisation of credit limits is regularly monitored. Sales to credit retail customers are settled in either cash or cheques.

(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 2018, 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.

FIJI RICE LIMITED

5. REVENUE

	2018	2017
	\$	\$
(i) <u>Operating Revenue</u>		
Milled grain	1,061,155	731,105
(ii) <u>Other Revenue</u>		
Rent	192,423	261,615
Paddy grant from Government	637,390	735,205
Sundry income	114,203	16,115
Total Other Revenue	<u>944,016</u>	<u>1,012,935</u>

(iii) The Company sold its Nausori based property which was rented out and made a gain on sale of \$304,952 after tax.

6. INCOME TAX

a INCOME TAX EXPENSE

2018	2017
\$	\$

The prima facie tax expense on the operating profit/(loss) differs from the income tax provided in the financial statements and is reconciled as follows:

Operating profit before income tax	482,584	361,720
Prima facie income tax expense calculated at 20% on the operating profit	96,517	72,344
Tax benefit recouped	---	---
Tax effect of tax loss not recognised	---	---
Income tax expense	96,517	72,344

(b) INCOME TAX BENEFIT

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:

- i) the company derives assessable income of a nature and of sufficient amount to enable the benefit of tax losses and deductions to be realised,
- ii) the conditions for deductibility imposed by law are complied with, and
- iii) tax law does not change in a manner which adversely affects realisation of the benefit.

7. TRADE AND OTHER RECEIVABLES

	2018	2017
	\$	\$
Trade receivables	124,158	140,058
Provision for impairment	<u>(10,396)</u>	<u>(10,396)</u>
	113,762	129,662
Other debtors and prepayments	398,902	369,021
Provision for impairment	<u>(146,123)</u>	<u>(344,459)</u>
	<u>366,541</u>	<u>154,224</u>

FIJI RICE LIMITED

7. TRADE AND OTHER RECEIVABLES - continued

	2018 \$	2017 \$
The aging analysis of trade receivables is as follows:		
Current	78,576	117,229
1 to 3 months	16,160	12,433
Over 3 months	19,026	---
	<u>113,762</u>	<u>129,662</u>

	2018 \$	2017 \$
Movement in the provision for impairment is as follows		
Opening balance	354,855	354,855
Provision for impairment	---	---
Debtors write off	(198,336)	---
	<u>156,519</u>	<u>354,855</u>

The FRL Board has written off old debtors from Balance Sheet amounting to \$198,336. The company does not hold any collateral as security.

8. INVENTORIES

	2018 \$	2017 \$
Raw materials	124,998	380,107
Finished goods	37,373	13,084
Consumables	7,853	11,070
	<u>170,224</u>	<u>404,261</u>

9. CASH ON HAND AND AT BANK

	2018 \$	2017 \$
Cash at bank	798,068	458,505
Cash on hand	353	232
	<u>798,421</u>	<u>458,737</u>

10. DEFERRED GRANT LIABILITY

	2018 \$	2017 \$
Opening balance	---	---
Grant received from Government	238,532	---
Less: Recoupment of deferred grant revenue	(92,202)	---
	<u>146,330</u>	<u>---</u>

The Company received funds from the Ministry of Public Enterprise for the purchase of two rice dryers, rice mill upgrade and warehouse construction

FIJI RICE LIMITED

11. 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 Land and Building	Motor Vehicle	Furniture Fittings and Equipment	Mill Machinery and Plant	Work In Progress	Total
	\$	\$	\$	\$	\$	\$
Balance as at 01 August	1,642,317	407,304	207,688	1,542,518	174,882	3,974,709
Additions	30,275	204,945	5,017	96,622	44,471	381,330
Disposal	(901,800)	---	---	---	---	(901,800)
Balance as at 31 July	770,792	612,249	212,705	1,639,140	219,353	3,454,239
Accumulated Amortisation						
Balance as at 01 August	452,458	257,444	196,032	1,079,456	---	1,985,390
Amortisation for the year	20,123	59,527	2,148	29,624	---	111,422
Disposal	(223,188)	---	---	---	---	(223,188)
Balance as at 31 July	249,393	316,971	198,180	1,109,080	---	1,873,624
Net carrying amount – 31 July 2018	521,399	295,278	14,525	530,060	219,353	1,580,615
Net carrying amount – 31 July 2017	1,189,859	149,860	11,656	463,062	219,353	1,989,319

12. INTANGIBLE ASSETS

	2018 \$	2017 \$
Cost – Computer software		
Balance as at 01 August	8,508	5,008
Additions	---	3,500
Disposal	---	---
Balance as at 31 July	8,508	8,508
Accumulated Amortisation		
Balance as at 01 August	1,632	1,136
Amortisation for the year	496	496
Balance as at 31 July	2,128	1,632
Net carrying amount – 31 July	6,380	6,876

FIJI RICE LIMITED

13. TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
Trade creditors	21,029	91,805
Income Tax payable	86,484	72,714
Refundable deposits	32,352	---
VAT payable	---	84,095
Other payables	---	12,352
	<u>139,865</u>	<u>260,966</u>

14. PROVISIONS
Employee entitlements

	2018	2017
	\$	\$
Opening balance	---	---
Add: Accruals made in the year	741	---
Less: :Leave utilised in the year	(171)	---
Closing balance	<u>570</u>	<u>---</u>

15. BORROWINGS

	2018	2017
	\$	\$
Interest bearing loan	---	280,618
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>7,006,000</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.

16. SHARE CAPITAL

	2018	2017
	\$	\$
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>

17. EARNINGS / (LOSS) PER SHARE

Net profit for the year	482,584	289,377
Number of equity shares outstanding (Nos)	753,112	753,112
Basic and diluted earnings per share	\$0.64	\$0.38

FIJI RICE LIMITED

18. RELATED PARTIES

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

Raj Sharma – Chairman
Ashok Kumar
Vijay Chand
Ratu William Katonivere

- (b) Directors fees and other benefits paid are as follows:

	2018 \$	2017 \$
Directors fees	21,671	23,375

- (c) 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.

- (d) Amounts payable to related parties

		2018 \$	2017 \$
Advance from shareholder	(13)	4,825,382	4,825,382
Loan from Government of Fiji	(13)	1,900,000	1,900,000

- (e) Transactions with key management personnel

Key management personnel comprise of Manager, Accountant & Engineer.

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.

	2018 \$	2017 \$
Salary and allowance	83,997	83,997
Contribution to Fiji National Provident Fund	<u>7,304</u>	<u>7,304</u>
	\$ 91,301	\$ 91,301
	=====	=====

FIJI RICE LIMITED

19. CAPITAL COMMITMENTS

The remaining capital grant received from government with the balance of \$146,445 for construction of warehouse is committed to be used for the purpose it was received for.

20. CONTINGENT LIABILITIES

Contingent Liabilities at balance date - \$NIL

21. SUBSEQUENT EVENTS

- On the 18/05/2018 the Board entered into a sale and purchase agreement for the sale of Lot 2, DP 2550 located in Nausori to United Pacific. The estimated sale price for the lot is \$1.5 million. This will have an effect on the total assets and revenue of the company in subsequent years.
- There is not much impact of Covid-19 on the business activity of the Company.
- The Government has announced in its COVID 19 Response budget that Government loan will be transferred to equity. This will have a major impact on the debt of the company.

FIJI RICE LIMITED**SUPPLEMENTARY INFORMATION:
DETAILED INCOME STATEMENT
YEAR ENDED 31 JULY 2018**

	2018 \$	2017 \$
Sales	1,061,155	731,105
	<u>1,061,155</u>	<u>731,105</u>
Less: Cost of sales		
<i>Opening stock:</i>	404,261	319,057
<i>Cost of production</i>	976,183	924,206
<i>Closing stock</i>	(170,224)	(404,261)
	<u>1,210,220</u>	<u>839,002</u>
Total Cost of sales		
	<u>1,210,220</u>	<u>839,002</u>
Gross loss	<u>(149,065)</u>	<u>(107,897)</u>
Gross loss %	(14) %	(15) %
Less: Other operating expenses		
Administrative expenses	(617,319)	(543,316)
	<u>(766,384)</u>	<u>(651,213)</u>
Trading Losses		
	<u>(766,384)</u>	<u>(651,213)</u>
Add: Other Income		
Sundry Income	1,248,968	1,012,934
	<u>482,584</u>	<u>361,721</u>
Operating Profit before Income Tax		
	<u>482,584</u>	<u>361,721</u>

**SUPPLEMENTARY INFORMATION:
DETAILED INCOME STATEMENT - Cont'd
YEAR ENDED 31 JULY 2018**

FIJI RICE LIMITED

ADMINISTRATIVE EXPENSES

	2018	2017
	\$	\$
Attachment allowance	---	975
Advertising & Promotion	7,647	17,697
Staff Amenities - Admin	1,286	487
Staff Amenities - Dreketi	592	501
Business Meeting Expense	32,427	712
Legal & Accounting	15,286	22,865
Board Meeting expense	906	1,290
Provisional Tax	458	---
Casual Wages	1,422	6,074
Fumigation & Cleaning	3,078	3,054
Rebranding	---	19,454
Board Travelling Expenses	6,348	10,177
Insurance	32,082	18,789
Gas Cylinder	1,201	1,756
Rent & Town Rate	15,792	38,007
FNPF Contribution	49,920	37,297
PAYE	7,695	6,677
Stationery	5,495	7,870
Annual Leave	---	132
Salaries	88,148	66,389
Telephone/Fax/Internet	5,737	6,199
Director's Fee	21,671	23,375
Travelling & Accommodation	9,154	7,062
Staff Training	16,993	---
Water Rates	3,218	866
Levy - TPAF	2,751	2,307
Electricity	2,844	5,082
Theft	---	1,529
Depreciation Expense	111,918	91,052
Computer Software	449	---
Fire Extinguisher Services	693	---
Interest charge	---	2,265
Marketing	500	200
Sales & Delivery Expenses	26,211	40,690
Wages - Labasa	43,985	42,991
Dreketi Supplies	1,805	787
Labasa Market Expenses	12	74
Office Expenses	3,788	1,022
Agriculture Show Expenses	200	917
Fuel & Oil MV	12,543	14,290
RM & Motor Vehicle Expense	9,663	12,604
Wheel Tax	2,942	3,474
Bank Charges	13,451	17,403
Fringe Benefit Expense	2,327	1,424
Valuation	1,289	---
Capital gain tax	76,707	---
Audit Fees	(29,255)	7,500
Other Expense	1,663	---
New Mill Opening	4,277	---
Total Expenses	617,319	543,316

