FIJI RICE PTE LTD

ANNUAL REPORT

2019

PP No. 257 of 2020

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, 2019is 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.

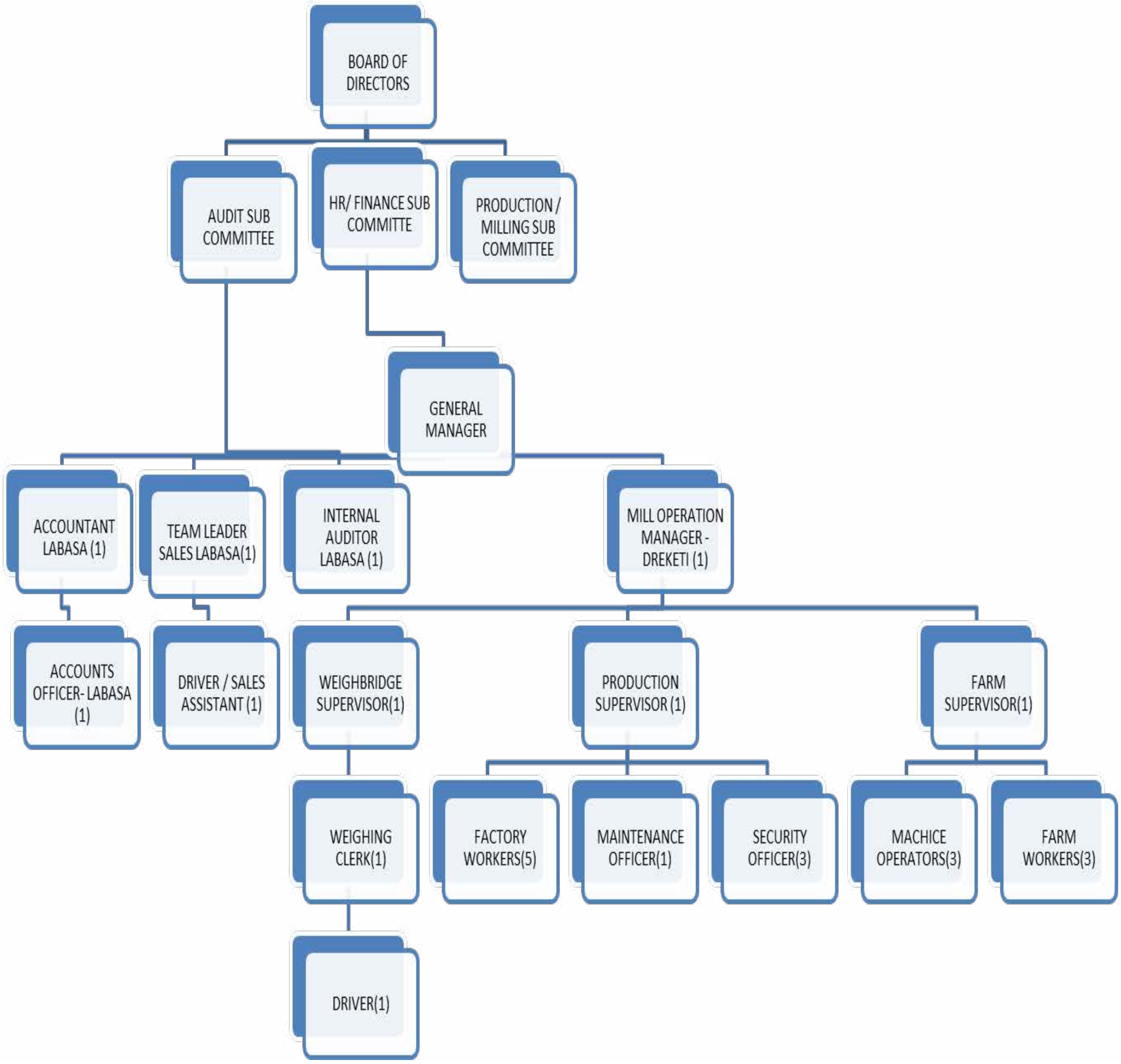
FRL now has a clear direction to meeting the shareholder's (state) expectations. We as the Board and Management are committed to make a change for the best of this industry and country as a whole at Fiji Rice Limited, "beyond milling", with adequate monitoring as reporting.

STRATEGIC FOCUS AREA

Organization Goals	Objective	Measurements
Innovation, Process Improvements & Customers	Ensure to bring about continuous and innovative improvement for self-sustainability	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. Attained HACCP certification and explore premium markets.
Governance, Internal Control & Policy	To have sound governance platform for internal control , audit and effective policy environment	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	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	1. Review Staff Terms & Conditions inclusive of pay. 2. Medical insurance package for all 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 centers.
Finance & Profitability	To have prudent platform to be self-sufficient in coming years.	1. Overall Audit Report standards to achieve moderate or below ratings. 2. To complete external pending audits and Annual reports. 3. 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.	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.

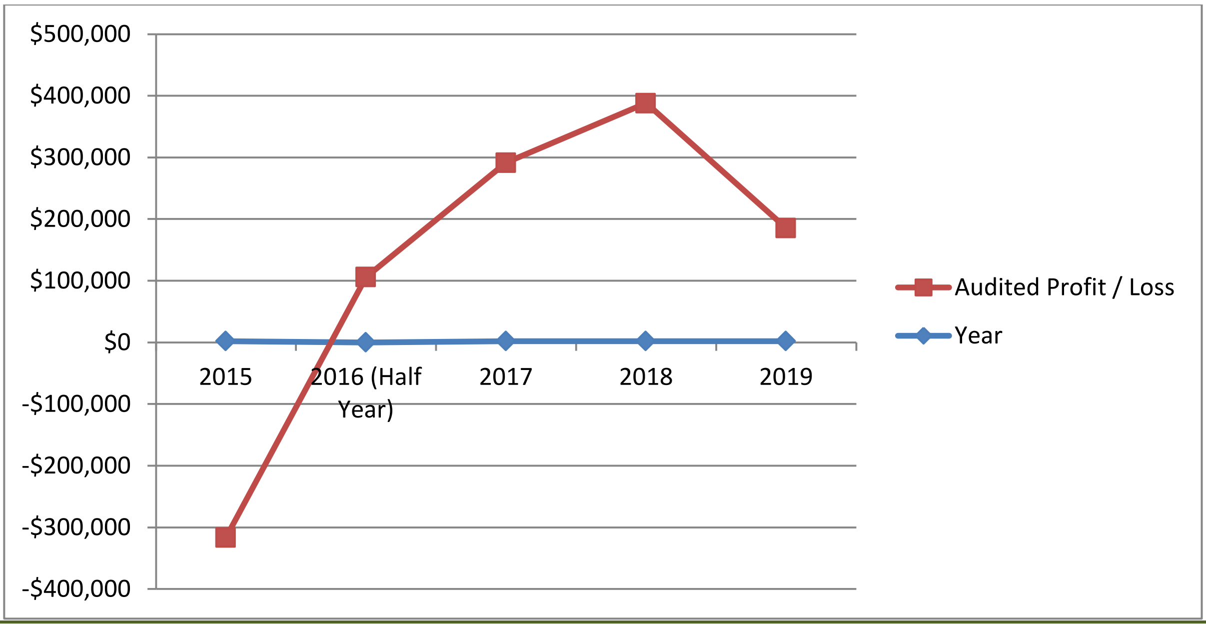
CURRENT ORGANIZATION STRUCTURE



FINANCIAL HIGHLIGHTS

GRAPH 1: AUDITED PROFIT/LOSS AFTER INCOME TAX FROM 2015 - 2019

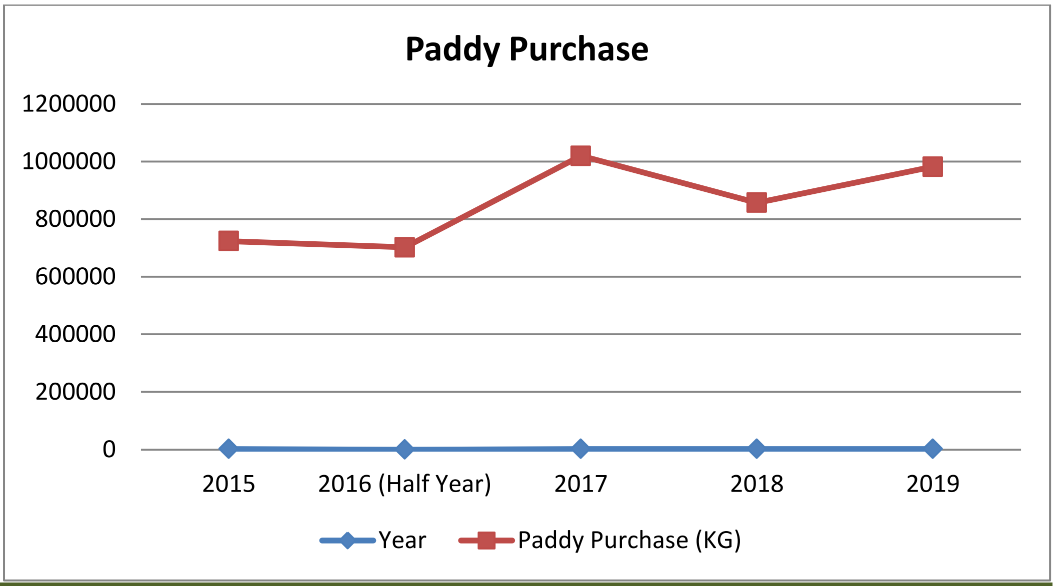
Year	2015	2016 (Half Year)	2017	2018	2019
Audited Profit / Loss	-$318,691	$105,952	$289,377	$386,068	$183,251



The above graph illustrates the profitability trend from 2015-2019. 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.

GRAPH 2: FIJI RICE LTD PADDY PURCHASE RECORD FROM 2015-2019

Year	2015	2016 (Half Year)	2017	2018	2019
Paddy Purchase (KG)	724037	702235	1,019,650	857,009	982,254



Graph 2 illustrates the paddy supply trend which has increased in 2019 compared to 2018. 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.

HISTORIC EVENTS

1. Donation of Farm Machineries

Fiji Rice received 4 Tractors with implements and 1 Excavator worth of $536,000.00 from the Japanese Government Aid through Office of the Prime Minister. These Machines were handed over to assist Rice farmers on a semi commercial basis. 3 tractors were based in Dreketi while 1 was operated in Labasa. These tractors were used in Rice Farm Projects as well as by other farmers.

2. Warehouse – Groundbreaking

Fiji Rice Limited was allocated a Capital grant of $100,000.00 from Government to build the warehouse for storage purposes. It was initiated through Farmers Consultation Meetings as the farmers faced difficulties in storage of paddy after harvesting during the rainy seasons. Fiji Rice invested around $235,000.00 from its own cashflow.

3. Rice Development Program

Fiji Rice received $100,000.00 from the Government as revolving fund to carry out rice farm projects. The concept initiated was for FRL to cultivate the farm and after harvesting, the cost will be deducted while proceeds will be handed over to the farmers. New farms and farmers were selected based on suitability of land.

4. HACCP Requirements Audit & Training

Senior Management Staffs attended HACCP workshop conducted by FNU to gather the requirements to attain HACCP certification for Dreketi Mill. The content of training enabled the staff to gather the process and procedures for HACCP requirements.

5. Our Community

Fiji Rice visited Golden Age Home in Labasa to provide them with lunch and spent some time with underprivileged seniors. The staff club collected funds through salary deductions aimed to support local communities and people.

CORPORATE GOVERANCE

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 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

It is an honor to be appointed as the Chairman for this Company. We would like to thank the Government, in particular the Prime Minister, Minister for Economy and 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, Fiji Rice has continued to serve our farmers and provided one stop market with current price paid above world market. This was made possible through continuous Government Subsidy.

In that note, 2019 we made a profit before tax of $236,013.

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, in 2019 the company has attained HACCP certification where the milling efficiencies has improved, and it opened doors to premium customers locally and possibility for export markets.

We continue to offer high quality sustainable services with the spirit of leadership that we are known for, 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 2019.

2019 brings another year very similar to last years in all areas of operations. The income largely across the operation provided some growth as reflected by our profit increase. The Company has continued to provide market for our rice farmers while through improving milling efficiency to meeting HACCP standard and certification, quality product to our customers.

I'd like to share some 2019 highlights:

- Inclusion to Company Fleet worth $71,000.00
- New Rice Harvester worth $38,000.00
- Construction of new garage worth $35,000.00
- Donation of Tractor with implements and 1 Excavator worth $536,000.00
- 982 tons of paddy received at the Mill

The company continued to focus on key Strategic Goals of:

- 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 2019

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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 2019, 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 $183,251 (2018: operating profit after income tax of $386,068).

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 2019 there is an overall excess of liabilities over assets (deficiency) of $3,906,714.

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, 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 23.

As discussed in Note 23, impact of COVID-19 on amounts and estimates reported or used in the preparation of 2019 financial statements is not expected to be material.

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 6th day of July 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 2019

(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 2019

(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 2019

(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 2019

(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 6th day of July 2020.

Director

Director

OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing

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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 2019, 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 23.

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 2019, 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 $875,954 (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 this balance is accurately stated in the financial statements and if any adjustments is required in respect of this balance in the statement of financial position and in the statement of cash flows.

2. Included in other debtors and prepayments (Note 7) of $275,809 is Advance tax amounting to $79,482 and accrued receivable of $12,275 respectively. I was unable to ascertain the accuracy of these balances due to lack of reconciliation and supporting documents. 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 payable in the statement of financial position. However, we noted subsequent payments of VAT amounting to $25,099 relating to month of July 2019 in the statement of VAT Account which was not accounted for in the general ledger. Consequently, this has understated Trade and other payables by $25,099.

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 16 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 2019. 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 Income tax expenses of $52,762, Note 6(a) and Income tax payable (Note 13) of $58,288. As a result, I was unable to satisfy myself on the accuracy and completeness of the income tax expense and income tax payable as stated in the financial statements.

6. Included in the Statement of Changes in Equity under Accumulated Losses as a comparative 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 disclosed as comparative is not appropriately disclosed in the financial statements.

7. 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 Note 2(b)(ii), on Significant Accounting Policies, there was an overall excess of liabilities over assets of $3,906,714 (2018: $4,089,965) as at 31 July 2019.

- As discussed in Note 23 on Subsequent Events, 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 for Economy 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 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 and 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 uses 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
13 July 2020

FIJI RICE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2019

	Note	2019 $	2018 $
Revenue	5(i)	884,183	1,061,155
Cost of sales		(983,740)	(1,210,220)
Gross (loss)		(99,557)	(149,065)
Other revenue	5(ii)	883,210	944,016
Gain on sale of asset	5(iii)	16,056	304,952
Administrative expenses		(563,696)	(617,319)
Profit from continuing operating activities		236,013	482,584
Income tax expenses	(6)	(52,762)	(96,516)
Profit after income tax		183,251	386,068
Other comprehensive income		---	---
Total comprehensive income for the year		183,251	386,068

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 15 to 37.

	Notes	2019 $	2018 $
CURRENT ASSETS			
Cash on hand and at bank	9	875,954	798,421
Trade and other receivables	7	314,312	366,541
Inventories	8	233,489	170,224
		1,423,755	**1,335,186**
NON-CURRENT ASSETS			
Property, plant and equipment	11	2,439,521	1,580,615
Intangible assets	12	5,884	6,380
Right of use assets	19	46,018	---
		2,491,423	**1,586,995**
TOTAL ASSETS		**3,915,178**	**2,922,181**
CURRENT LIABILITIES			
Trade and other payables	13	99,361	139,865
Rice development revolving fund	14	91,743	---
Lease liability	19	11,638	---
Deferred grant liability	10	47,448	92,202
Provisions	15	1,045	570
		251,235	**232,637**
NON-CURRENT LIABILITIES			
Borrowings	16	6,725,382	6,725,382
Lease liability	19	35,236	---
Deferred grant liability	10	810,039	54,128
		7,570,657	**6,779,510**
TOTAL LIABILITIES		**7,821,892**	**7,012,147**
NET (DEFICIENCY) IN ASSETS		**(3,906,714)**	**(4,089,965)**
SHAREHOLDERS' EQUITY			
Share capital	17	1,506,224	1,506,224
Accumulated losses		(5,412,938)	(5,596,189)
TOTAL SHAREHOLDERS' EQUITY		**(3,906,714)**	**(4,089,965)**

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 15 to 37.

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

Dated this 6th day of July 2020.

Director

Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2019

	Share capital ($)	Accumulated Losses ($)	Total ($)
Balance at 31st July 2017	**1,506,224**	**(5,890,595)**	**(4,384,371)**
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 1st August 2018	**1,506,224**	**(5,596,189)**	**(4,089,965)**
Net profit for the year	---	183,251	183,251
Total Comprehensive Income for the Year	**1,506,224**	**(5,412,938)**	**(3,906,714)**
Balance at 31st July 2019	**1,506,224**	**(5,412,938)**	**(3,906,714)**

FIJI RICE LIMITED

STATEMENT OF CASH FLOWS

	Note	2019	2018
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers & government grants		1,774,926	1,792,854
Payment to suppliers and employees		(1,468,178)	(1,824,599)
Income tax paid		(52,762)	(96,516)
Net Cash provided by / (used in) operating activities		**253,986**	**(128,261)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property plant & equipment		16,056	983,564
Acquisition of property plant & equipment		(492,797)	(381,331)
Net Cash provided by / (used in) investing activities		**(476,741)**	**602,233**
CASH FLOWS FROM FINANCING ACTIVITIES			
Rice Development Revolving Fund		91,743	
Payment of Lease Liabilty		(10,950)	
Proceeds from borrowing			(280,618)
Receipt of capital grant from government		219,495	146,330
Net Cash provided by / (used in) financing activities		**300,288**	**(134,288)**
Net increase in cash and cash equivalents		77,533	339,684
Cash and cash equivalents at the beginning of the year		798,421	458,737
Cash and Cash Equivalents at the end of the Year	9	**875,954**	**798,421**

(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 15 to 37)

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 ultimate holding entity is the Government of Fiji.

These financial statements were authorised for issue by the directors on 6th July 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 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 31 July 2019 there is an overall excess of liabilities over assets (deficiency) of $(3,906,714) (2018: $4,089,965).

The principal components of liabilities are advances from shareholder and subordinated loan amounting to $6,725,382 (2018: $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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

c) 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.

A. **IFRS 9 – Financial Instruments**

The company adopted 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 2019 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**

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

A. **IFRS 9 – Financial Instruments (Cont'd)**

iii. **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 ($)	New carrying amount under IFRS 9 ($)
Financial assets					
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
Total financial assets				**1,152,683**	**1,152,683**
Financial liabilities					
Trade and other payables		Other financial liabilities	Other financial liabilities	286,765	286,765
Borrowings	16			6,725,382	6,725,382
Total financial liabilities				**7,012,147**	**7,012,147**

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 at 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.

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.

iii. Impacts on financial statements

On transition to IFRS 16, the company recognised $57,824 of right-of-use assets and a $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 2019

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).

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

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

C. **IFRS 15 – Revenue from Contracts with Customers (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

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

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 1 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 nor 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 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(c).

Policy applicable from 1 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

m) Leases (Cont'd)

Policy applicable as a lessee (Cont'd)

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined the 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 re-measured 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 1 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 compiled 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 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 1 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.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

q) Financial Instruments (Cont'd)

(ii) Classification and subsequent measurement (Cont'd)

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.

Financial assets: Business model assessment – Policy applicable from 1 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

q) Financial Instruments (Cont'd)

(ii) Classification and subsequent measurement (Cont'd)

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 2018

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.

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.

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 2018 (Cont'd)

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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

q) Financial Instruments (Cont'd)

(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 1 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 1 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 1 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

q) Financial Instruments (Cont'd)

(v) Classification and subsequent measurement (Cont'd)

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.

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 1 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

q) Financial Instruments (Cont'd)

(ii) Classification and subsequent measurement (Cont'd)

Policy applicable before 1 August 2018

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.

(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 2019.

(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.

3. FINANCIAL RISK MANAGEMENT- continued

(b) Credit risk

Credit risk refers to the risk that a counterparty 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 2019

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.

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 2019:

	Weighted-Average Loss Rate %	Gross Carrying Amount $	Loss Allowance $	Credit Impaired
31 July 2019				
Current (not past due)	3.88%	54,593	2,123	No
30 days past due	4.43%	58,649	2,599	Yes
60 days past due	7.57%	42,146	3,190	Yes
More than 90 days past due	8.50%	29,238	2,484	Yes
		184,626	10,396	
Other debtors specifically assessed (excludes prepayment)		260,707	146,123	
		445,334	159,519	

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 2019, 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.

5. REVENUE

	2019 $	2018 $
(i) Operating revenue		
Milled grain	884,183	1,061,155
(ii) Other revenue		
Rent	---	192,423
Deferred grant income	44,696	92,202
Paddy grant	755,048	637,390
Paddy sales	50,469	---
Sundry income	32,997	22,001
Total Other Revenue	883,210	944,016

Paddy sales of $50,469 relates to sale of paddy to the company for rice production which is grown by Fiji Rice Limited. The company has its own farm for rice production.

(iii) The company sold its Hino Truck and made a gain on sale of $16,056.

6. INCOME TAX

a INCOME TAX EXPENSE

	2019 $	2018 $
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	236,013	482,584
Prima facie income tax expense calculated at 20% on the operating profit	47,202	96,517
Add back permanent difference	5,560	---
Tax effect of tax loss not recognised	---	---
Income tax expense	52,762	96,517

6. INCOME TAX –continued

(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

	2019 $	2018 $
Trade receivables	195,022	124,158
Provision for impairment	(10,396)	(10,396)
	184,626	113,762
Other debtors and prepayments	275,809	398,902
Provision for impairment	(146,123)	(146,123)
	314,312	366,541

The aging analysis of trade receivables is as follows:	2019 $	2018 $
Current	54,593	78,576
1 to 3 months	100,795	16,160
Over 3 months	29,238	19,026
	184,626	113,762

Movement in the provision for impairment is as follows:	2019 $	2018 $
Opening balance	156,519	354,855
Provision for impairment	---	---
Debtors write off	---	(198,336)
	156,519	156,519

The company does not hold any collateral as security.

8. INVENTORIES

	2019 $	2018 $
Raw materials	180,645	124,998
Finished goods	42,694	37,373
Consumables	10,150	7,853
	233,489	170,224

9. CASH ON HAND AND AT BANK

	2019 $	2018 $
Cash at bank	875,734	798,068
Cash on hand	220	353
	875,954	798,421

10. DEFERRED GRANT LIABILITY

	2019 $	2018 $
Opening balance	146,330	---
Grant received from Government	755,853	238,532
Less: Recoupment of deferred grant revenue	(44,696)	(92,202)
	857,487	146,330
Current	47,448	92,202
Non-current	810,039	54,128

The Company received funds from the Ministry of Public Enterprise for the upgrade of silo amounting to $88,074 and construction of a new office at Dreketi amounting to $131,422. Additionally, the Company received farm equipment, tractors and diggers as donation through the Government amounting to $536,358.

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	770,792	612,249	212,705	1,639,140	219,353	3,454,239
Additions	289,720	645,532	4,332	209	308,716	1,248,509
Transfer	---		---	---	(219,353)	(219,353)
Disposal	---		---	---	---	---
Balance as at 31 July	**1,060,512**	**1,257,781**	**217,037**	**1,639,349**	**308,716**	**4,483,395**
Accumulated Depreciation						
Balance as at 01 August	249,393	316,971	198,180	1,109,080	---	1,873,624
Depreciation for the year	14,914	116,604	2,393	36,339	---	170,250
Disposal	---	---	---	---	---	---
Balance as at 31 July	264,307	433,575	200,573	1,145,419	---	2,043,874
Net carrying amount – 31 July 2019	**796,205**	**824,206**	**16,464**	**493,930**	**308,716**	**2,439,521**
Net carrying amount – 31 July 2018	**521,399**	**295,278**	**14,525**	**530,060**	**219,353**	**1,580,615**

(ii) Donated Assets

The Company received tractors, diggers and equipment totalling $536,358 in donation through Office of the Prime Minister.

12. INTANGIBLE ASSETS

	2019 $	2018 $
Cost – Computer software		
Balance as at 01 August	8,508	8,508
Additions	---	---
Disposal	---	---
Balance as at 31 July	8,508	8,508
Accumulated Amortisation		
Balance as at 01 August	2,128	1,632
Amortisation for the year	496	496
Balance as at 31 July	2,624	2,128
Net carrying amount – 31 July	**5,884**	**6,380**

13. TRADE AND OTHER PAYABLES

	2019 $	2018 $
Trade creditors	21,073	21,029
Income Tax payable	58,288	80,957
Refundable deposits	20,000	32,352
	99,361	134,338

14. REVOLVING FUND

	2019 $	2018 $
Rice development revolving fund	91,743	---
	91,743	---

The Company received funding of $100,000 from the Ministry of Economy 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.

The Company maintains a separate bank account to administer this funds and acquits to the Ministry of Economy on a quarterly basis.

15 PROVISIONS

Employee entitlements

	2019 $	2018 $
Opening balance	570	---
Add: Accruals made in the year	826	741
Less: :Leave utilised in the year	(351)	(171)
Closing balance	1,045	570

16. BORROWINGS

	2019 $	2018 $
Non-current		
Advance from shareholder	4,825,382	4,825,382
Loan from Government of Fiji	1,900,000	1,900,000
	6,725,382	6,725,382

16. BORROWINGS (cont'd)

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.

17. SHARE CAPITAL

	2019	2018
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	1,506,224	1,506,224

18. EARNINGS / (LOSS) PER SHARE

Net profit for the year	236,013	482,584
Number of equity shares outstanding (Nos.)	753,112	753,112
Basic and diluted earnings per share	$0.31	$0.64

19. LEASES

As a lessee	**2019** $	**2018** $
The company leases premises and land. Information about leases for which the company is a lessee is presented below:		
Right-of-use assets		
Balance at 1 August 2018	---	---
Additions for the year	57,824	---
Depreciation charge for the year	(11,806)	---
Balance at 31 July 2019	**46,018**	---
Lease liabilities		
Maturity analysis – contractual undiscounted cash flows		
Less than one year	14,120	---
One to five years	11,600	---
More than five years	118,060	---
Total undiscounted lease liabilities at 31 July 2019	**143,780**	---
Lease liabilities included in the statement of financial position at 31 July 2019		
Current	**11,638**	---
Non-current	**35,236**	---
	46,874	---
Interest on lease liabilities	3,171	---
Variable and short term lease payments not included in the measurement of lease liabilities	13,689	---
Amounts recognised in the statement of cash flows		
Total cash outflow for leases	10,950	

19. LEASES (cont'd)

Reconciliation of movement of liabilities to cash flows from financing / investing activities	Borrowings ($)	Right of use lease liabilities ($)	Total ($)
Balance at 1 August 2018	6,725,382	57,824	6,783,206
Changes from financing cash flows			
Repayment during the year	---	(10,950)	(10,950)
Proceeds during the year	---	---	---
Total changes from financing cash flows	---	(10,950)	(10,950)
Other changes – liability related			
Interest expense	---	3,171	3,171
Interest paid	---	(3,171)	(3,171)
Total liability related other changes	---	---	---
Balance 31 July 2019	6,725,382	46,874	6,772,256

20. 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:

	2019 $	2018 $
Directors fees	26,877	21,671

(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 receivable payable to related parties

	2019 $	2018 $
Advance from shareholder	4,825,382	4,825,382
Loan from Government of Fiji	1,900,000	1,900,000

20. RELATED PARTIES (CONT'D)

(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.

	2019 $	2018 $
Salary and allowance	93,781	83,997
Contribution to Fiji National Provident Fund	9,378	7,304
	103,159	91,301

21. CAPITAL COMMITMENTS

The capital grant received for the construction of an office in Dreketi and the upgrade of the Silo of $219,495 has been committed and to be completed in subsequent financial year.

22. CONTINGENT LIABILITIES

Contingent Liabilities at balance date - $NIL

23. SUBSEQUENT EVENTS

- The conversion of Government loan to equity for Fiji Rice Ltd was announced in 2020 COVID-19 response budget. This will have a major impact on the debt of the Company.

- FRL property Lot 2 on Plan DP 2550 Nausori was sold to United Pacific (Fiji) Limited with a sale price of $1,500,000 and settled on 27/09/19.

- FRL property State Lease 22237 Lot 5 6 & 7 on SO781 Nausori Industrial Subdivision was sold to Reddy & Diamond (Suva) Pte Ltd amounting to $1,500,000 and settled on 27/02/20.

- Subsequent to year end, the World Health Organization (WHO) declared the Coronavirus (COVID 19) a "Public Health Emergency of International Concern". Whilst measures and policies have been taken by the Government and nearby trading countries to prevent the spread of the virus, the impact of the virus on amounts and estimates reported or used in the preparation of 2019 financial statements is not expected to be material.

	2019 $	2018 $
Sales	884,183	1,061,155
	884,183	**1,061,155**
Less: Cost of sales		
Opening stock:	170,224	404,261
Cost of production	1,047,005	976,183
Closing stock	(233,489)	(170,224)
Total Cost of sales	**983,740**	**1,210,220**
Gross loss	**(99,557)**	**(149,065)**
Gross loss %	(11)%	(14) %
Administrative expenses	(563,696)	(617,319)
Trading Losses	**(663,253)**	**(766,384)**
Add: Other Income		
Sundry Income	899,266	1,248,968
Operating Profit before Income Tax	**236,013**	**482,584**

FIJI RICE LIMITED

SUPPLEMENTARY INFORMATION:
DETAILED INCOME STATEMENT- Cont'd
YEAR ENDED 31 JULY 2019

ADMINISTRATIVE EXPENSES	2019	2018
	$	$
Advertising & Promotion	9,669	7,647
Staff Amenities – Admin	1,662	1,286
Staff Amenities – Dreketi	681	592
Business Meeting Expense	4,628	32,427
Legal & Accounting	11,907	15,286
Board Meeting expense	686	906
Provisional Tax	1,325	458
Casual Wages	---	1,422
Fumigation & Cleaning	1,221	3,078
Board Travelling Expenses	4,597	6,348
Insurance	18,229	32,082
Gas Cylinder	556	1,201
Rent & Town Rate	13,689	15,792
FNPF Contribution	50,314	49,920
PAYE	3,096	7,695
Stationery	2,410	5,495
Annual Leave	475	---
Salaries	117,226	88,148
Telephone/Fax/Internet	6,553	5,737
Director's Fee	26,877	21,671
Travelling & Accommodation	7,981	9,154
Staff Training	8,739	16,993
Water Rates	1,420	3,218
Levy – TPAF	2,758	2,751
Electricity	3,015	2,844
Depreciation Expense	170,749	111,918
Depreciation on Rights of Use Assets	11,806	---
Computer Software	250	449
Fire Extinguisher Services	454	693
Interest charge on lease liability	3,171	---
Marketing	---	500
Sales & Delivery Expenses	31,548	26,211
Wages - Labasa	14,588	43,985
Dreketi Supplies	71	1,805
Labasa Market Expenses	---	12
Office Expenses	2,168	3,788
Agriculture Show Expenses	---	200
Fuel & Oil MV	14,281	12,543
RM & Motor Vehicle Expense	7,513	9,663
Wheel Tax	2,535	2,942
Bank Charges	2,633	13,451
Fringe Benefit Expense	1,969	2,327
Valuation	---	1,289
Capital gain tax	---	76,707
Audit Fees	---	(29,255)
Other Expense	246	1,663
New Mill Opening	---	4,277
Total Expenses	**536,696**	**617,319**