PATEL

2018 | RB PATEL GROUP LIMITED Annual Report



CONTENTS

DIRECTORY

Directors
Iowane Naiveli - Chairman
Surendra K Patel
Nouzab Fareed
Kaliopate Tavola
Malakai Naiyaga
Litiana Loabuka

Company Secretaries
Jayesh Patel
Deepak Rathod

Auditors
BDO
Chartered Accountants
FNPF Plaza, Victoria Parade,
Suva

Solicitors
Sherani & Company
Barristers and Solicitors
Harifam Centre, Greig Street,
Suva

Bankers
Australia & New Zealand
Banking Group Limited
Wespac Banking Corporation

Registered Office
RB Patel CentrePoint Building
Ratu Dovi Road
Laucala Beach Estate,
Nasinu

It gives me great pleasure to present your company's Annual Report for the 2018 year. The operating results for the year ended 30 June 2018 reflect the prudent management of the company's affairs over the year.

Financial Performance

The financial year provided challenges over and above those that are part of the highly competitive Fijian business environment and more so for the supermarket industry. I address some of the issues later in this report.

Same store turnover increased by 1.5% over last year with no change in the number of stores. Gross profit on sales increased slightly to 20% from 19.8% last year. RB Patel continues to emphasise the level of profitability within the competitive supermarket industry. This is a reflection of the importance management places on the policy of pricing of products and control of operating costs.

The company operates 10 stores located in Nausori, Nasinu, Suva, Lami, Sigatoka, Nadi, Lautoka and Labasa. Other income, mainly consisting of rent income, increased by 5.3% over the same period.

Operating profit before tax increased by just over 1%. Profit for the year after tax at $9.7 million was an increase of 13.9% over last year. This significant increase is due mainly to the increase in fair value of our investment properties by $1.5 million over the last financial year.

	12 months ended 30 June 2016	12 months ended 30 June 2017	12 months ended 30 June 2018
Revenue including other income	$117,672,362	$122,914,461	$124,847,540
Growth	9.5%	4.4%	1.6%
Profit for the year (before tax)	$8,209,633	$9,439,187	$10,747,282
Growth	24.7%	15.0%	13.9%
Profit for the year (after tax)	$7,351,154	$8,481,833	$9,662,522
Growth	24.2%	15.4%	13.9%
Dividends per share	15 cents	16 cents	17 cents
Earnings per share	25 cents	28 cents	32 cents

Your Board proposed a final interim dividend of 12 cents per share bringing the total dividend declared and paid or proposed for the year to 17 cents per share; an increase of 6.25% over last year. Your company's share price at the end of the year was $4.85, an increase of over 47% on the price last year of $3.29. Shareholders have therefore seen a total market return of just under 53% for the financial year. A remarkable year for you the shareholders.

Economic Outlook

The Fijian economy continues to demonstrate above par growth boosted by tourism in particular and has seen a marked reduction in poverty levels. Although fiscal debt has increased, it is still comfortably serviceable.

With the forecast for growth of the Fijian economy at 3.0% and 2.9% for the years 2018 and 2019 respectively the company is optimistic for the future and these forecasts provide greater confidence in the Fijian economy. Government's 2019 budget announcements continue their expansionary policies and our industry should again benefit from the impetus this will provide in the economy.

Industry Update

During the year, our industry went through some major transformation in terms of point-of-sale systems and reporting processes. The company successfully implemented the VAT monitoring system by June 2018 with only some technical matters being addressed by FRCS and the software suppliers.

Once the VAT monitoring system becomes part of the Fiji Revenue & Customs Services audit process we are confident that all participants in the industry will operate on a level playing field.

The company continued to invest in store improvements with investments in technology and equipment. Major improvements were undertaken in our Nasinu, Nakasi, Sigatoka and Lautoka stores together with our distribution warehouse in Nasinu.

Expansion and Growth

Construction works on the three level car park and retail space building at our JetPoint Complex in Martintar Nadi continued with expected completion being October 2018. The eight residential apartment's development in Suva will now be completed in late 2018.

During the year, your directors approved the construction of a three storey commercial building at the JetPoint complex in Martintar, Nadi. The building is expected to cost $12 million.

Further developments are planned on our current properties at HarbourPoint, Lami and Tamavua in Suva.

Customers and Service

The continuous investments to renew and refresh our stores is essential to ensure that they are the right size and type to meet current and future market conditions and customer needs.

"We make it easy! Save money, Save time, Great range", continues to be our driving force. Our employees continuously ensure that the our core commitment to deliver "value for money" in all our stores is evident in all we do. Providing the most affordable and attractive range of products continues to drive our purchasing plans.

Future Outlook

RB Patel opened its last store in 2012 in Lami and we are delighted to announce that a new store will be opening in the new FNPF complex in Nadi town in 2019. This will take the number of stores to eleven.

Our search for growth opportunities continues and your Directors are continuously assessing sites and properties that will benefit the company and its shareholders. There is continued confidence in government's policies as is evident from the increase in investments in Fiji and we are certain that this will continue to provide the impetus for future growth.

Your company will continue with its expansion plans as opportunities for further investments are identified.

Staff and Management

I take this opportunity to thank the staff and management for their commitment and effort during the year. These outstanding results would not have been possible without their joint efforts.

I would also like to thank my fellow directors for all their effort, dedication and counsel over the year.

....

Chairman

CORPORATE GOVERNANCE

The RB Patel Group Limited (RBG) Board acknowledges the requirement to report on the company's Corporate Governance Code under the principles and guidelines provided by the Capital Markets Unit of the Reserve Bank of Fiji.

In line with the 10 core principles and the best practice recommendations RB Patel Group Limited has developed policies to improve the standard of Corporate Governance in the company. These policies are reviewed periodically to incorporate new developments in good corporate governance principles.

Principle	RBG comments
Establish clear responsibilities for board oversight	The RBG Memorandum & Articles of Association set out the powers and duties of directors in terms of managing the company effectively and efficiently. The company continuously reviews its policy guidelines to strengthen the oversight role.
Constitute an effective Board	Directors are selected for their experience and competencies and are inducted and evaluated on the basis of their suitability for the Board. The board comprises of six directors of which two are independent directors as defined by the SPSE listing rules. The Board has appointed Audit & Risk and Human Relations subcommittees both of which have their own Charter and have met during the year to review and report to the Board on matters covered by their respective Charters.
Appointment of a Chief Executive Officer	RBG has a Management Agreement with FHL Retailing Limited (the holding company) under which operations of the company are managed. Executive appointments are made under this framework by the Board.
Board and Company Secretary	The Company Secretaries maintain a close link with the Board and executive officers and the company to ensure all duties and responsibilities are effectively discharged.
Timely and balanced reporting	Board meetings are held at least quarterly to update directors on the company's performance and to review and provide approvals and confirmations of major aspects of the operations of the company. Directors receive monthly financial statements and commentary on performance.
Promote ethical and responsible decision-making	RBG guides its directors and other officers through its policies and code of conduct in making ethical and responsible decisions.
Register of interests	Directors and officers of the company are obliged to disclose any conflicts of interest that may arise in the course of the business. The interests of directors, if any, are noted during meetings of the company's Board.
Respect the rights of shareholders	Shareholders are encouraged to participate at the Annual General Meeting of the company. The company's Annual Report is forwarded to shareholders so as to allow adequate time to review the performance of the company and seek clarification on any aspects of the company's performance for the year and forecasts for the future.
Accountability and audit	RBG is audited annually by independent auditors who provide their report to the shareholders. Regular internal audits are also conducted and reported in line with established company procedures.
Recognise and manage risk	RBG has established risk management procedures and practices to identify and manage operational and industry risks together with appropriate controls and procedures to manage these risks.

CORPORATE GOVERNANCE (Cont'd)

The Board sub-committees, chaired by non-executive directors, consist of the following members:

Audit & Risk Sub-committee	Human Relations Sub-committee
Malakai Naiyaga (Chairperson)	Litiana Loabuka (Chairperson)
Nouzab Fareed	Kaliopate Tavola
Saleshni Prasad	Abilash Ram

The Audit & Risk and the Human Relations subcommittees both met during the year and reviewed and discussed matters in line with their respective Charters.

2018 at a Glance

Our Shareholders

- **EARNINGS PER SHARE** — 32¢ — ↑14.3% from 2017
- **FULL YEAR DIVIDEND PER SHARE** — 17¢ — ↑ 6.25% from 2017
- **TOTAL DIVIDEND** — $5.1M — ↑$300k from 2017
- **NUMBER OF SHAREHOLDERS** — 295 — ↑ 292 in 2017

Our Financials

- **PROFITS AFTER TAX** — $9.7M — ↑ 13.9% from 2017
- **EARNINGS BEFORE DEPRECIATION & TAX** — $12.3M — ↑17.8% from 2017
- **NET CASH PROVIDED BY OPERATING ACTIVITIES** — $12.9M — ↑ 27.8% from 2017

Our Sales

- **SALES & OTHER INCOME** — $124.7M — ↑ 1.6% from 2017

Our Team

- **EMPLOYEES** — 777+ — ↑ 11% from 2017

Our Environment

- **SOLAR POWER GENERATION** — 360 MWH — ↑ 5% from 2017
- **TOTAL DIESEL AVOIDED** — 106 TONNES — ↑ 4% from 2017
- **EQUIVALENT TREES PLANTED** — 6256 TREES — ↑ 4% from 2017

DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the statement of financial position of RB Patel Group Limited (the company) as at 30 June 2018, the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and report as follows:

Directors

The names of the directors in office at the date of this report are:

Iowane Naiveli - Chairman	Surendra Kumar Patel
Nouzab Fareed	Kaliopate Tavola
Malakai Naiyaga	Litiana Loabuka

Principal Activities

The principal activities of the company during the year were that of retailing and wholesaling of general merchandise, owners and administrators of properties and equity investments. The company operates supermarket stores in Nausori, Nakasi, Nasinu, Suva, Sigatoka, Nadi, Lautoka, Labasa and Lami.

There were no significant changes in the nature of these activities during the financial year.

Results

The results for the year are as follows:

		2018	2017
Profit from operations	$	10,062,232	9,978,827
Finance income		117,635	79,212
Finance costs		(932,585)	(903,352)
Change in fair value of investment properties (note 14)		1,500,000	284,500
Profit before income tax		10,747,282	9,439,187
Income tax expense		(1,084,760)	(957,354)
Profit for the year	$	9,662,522	8,481,833

Dividends

During the year, the company declared and paid an interim dividend of $1,500,000 (2017: $1,500,000). Furthermore, during June 2018, the directors proposed the payment of a final interim dividend of $3,600,000 from the profits for the year ended 30 June 2018 (2017: Proposed dividends of $3,300,000).

Total dividends declared and paid or proposed for the year ended 30 June 2018 amounted to $5,100,000 (2017: $4,800,000).

Reserves

The directors recommend that no transfer be made to or from reserves except for movements required under International Financial Reporting Standards.

Basis of Accounting - Going Concern

The financial statements of the company have been prepared on a going concern basis. The directors consider the application of the going concern principle to be appropriate in the preparation of these financial statements as they believe that the company has adequate funds to meet its liabilities as and when they fall due over the next twelve months.

Bad and Doubtful Debts

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

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

Current and Non-Current Assets

Prior to the completion of the financial statements of the company, the directors took reasonable steps to ascertain whether any current and non-current assets were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the company. Where necessary, these assets have been written down or adequate allowance 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 current and non-current assets in the company's financial statements misleading.

Unusual Transactions

In the opinion of the directors, the results of the operations of the company during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report, any item, transaction or event of a material unusual nature, likely in the opinion of the directors, to affect substantially the results of the operations of the company in the current financial year.

Events Subsequent to Balance Date

No matters or circumstances have arisen since the end of the financial year which would require adjustments to, or disclosure in the financial statements.

Other Circumstances

As at the date of this report:

(i) no charge on the assets of the company has been given since the end of the financial year to secure the liabilities of any other person;

(ii) no contingent liabilities have arisen since the end of the financial year for which the company could become liable; and

(iii) no contingent liabilities or other liabilities of the company has become or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the company to meet its obligations as and when they fall due.

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

Directors' Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those disclosed in the financial statements as emoluments, fees and incentives) by reason of a contract made by the company or by a related corporation with the director or with a firm of which he / she is a member, or with a company in which he / she has a substantial financial interest.

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

Dated this 15th day of August 2018.

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Director

....
Director

DIRECTORS' DECLARATION

The declaration by directors is required by the Companies Act, 2015.

The directors of the company have made a resolution that declares:

(a) In the opinion of the directors, the financial statements of the company for the financial year ended 30 June 2018:

i. comply with the International Financial Reporting Standards and give a true and fair view of the financial position of the company as at 30 June 2018 and of the performance and cash flows of the company for the year ended 30 June 2018; and

ii have been prepared in accordance with the Companies Act, 2015;

(b) The directors have received independence declaration by auditors as required by Section 395 of the Companies Act, 2015; and

(c) At the date of this declaration, in the opinion of the directors, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Dated this 15th day of August 2018.

....
Director

....
Director

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Fax: +679 330 1841
Email: info@bdo.com.fj
Offices in Suva and Lautoka

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Chartered Accountants
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GPO Box 855
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RB PATEL GROUP LIMITED

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF RB PATEL GROUP LIMITED

As auditor for the audit of RB Patel Group Limited for the financial year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Companies Act, 2015 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Wathsala Suraweera
Partner
Suva, Fiji

BDO
CHARTERED ACCOUNTANTS

15 August 2018

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Offices in Suva and Lautoka

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of RB Patel Group Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of RB Patel Group Limited (the company), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting standards (IFRS).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
Valuation of Investment Properties ($32,624,968) Refer to Note 14 to the Financial Statements.	
Valuation of investment properties is considered to be a key audit matter due to: • the significance of the investment properties to the financial statements of the Company; • the nature of the properties which requires judgement by us to assess the appropriateness of the valuation methodology and inputs. The Company has appointed external valuer to assist in this process; and • the low volume of comparable market transactions for properties available to corroborate valuation inputs and assumptions such as rents, yields, capitalization rates and discount rates.	Our audit procedures included: • assessing the scope, expertise and independence of the external valuer used by the Company; • evaluating the Company's process for reviewing and adopting the valuation by comparing to the Company's internal framework for assessing valuations; • evaluating the appropriateness of the valuation methodology selected by valuer to determine the fair value of the properties to accepted market practices and our industry experience; and • independently assessing the key inputs adopted by the valuer to available market transactions for similar properties and other comparable property classes.

To the Shareholders of RB Patel Group Limited (Cont'd)

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the matter

Changes in Accounting Policies in relation to early adoption of International Financial Reporting Standard (IFRS) 9 - Financial Instruments, IFRS 15 - Revenue from Contracts with Customers, and IFRS 16 – Leases

Changes in accounting policies in relation to early adoption of IFRS 9,15 and 16 is considered to be a key audit matter due to:

- The significance of these three new standards to the overall financial reporting framework of the company including recognition, measurement/valuation, presentation and disclosures of key transactions and balances.
- The vast implications and adjustments in books as a result of first time adoption of these three standards in reporting overall financial position, performance and cash flows of the company compared to the earlier framework.
- The complexities involved in the first time adoption of the standards given the complex technicalities involved in the conceptual framework of each of the three standards.
- Involvement of significant assumptions and judgements in terms of applications of key principles of each of the three standards.
- Extensive disclosure requirements in the first time adoption.

Our audit procedures included:

- Reviewing of management's analysis and assessments including reports of external advisors on impact assessment and calculations of relevant adjustments on first time adoption.
- Assessing the key assumptions and judgements made by the management in assessing the impact of each of the three standards.
- Evaluating and independently reviewing the methodologies used for the calculations relating to adjustment entries in terms of its reasonableness and compliance with the relevant standards.
- Assessing the conclusions made by the management and independent advisors on the applicability and relevance of certain principles of each of the standards to the company compared to its earlier accounting policies.
- Verifying the adjustments made and entries processed in books based on the calculations of impact arising from each of the three standards to the opening balances of 1 July 2017.
- Reviewing and ensuring the adequacy of disclosures made in first time early adoption of the standards.

Other Information

The management and directors are responsible for the other information. The other information that we received comprises chairman's report, corporate governance statement, graphical analysis of financial data and listing requirements of South Pacific Stock Exchange included in the Annual Report of the company for the year ended 30 June 2018 but does not include the financial statements and the auditor's report thereon.

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

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

To the Shareholders of RB Patel Group Limited (Cont'd)

Responsibilities of the Management and Directors for the Financial Statements

The management and directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the Companies Act 2015, and for such internal control as the management and directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The management and directors are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

To the Shareholders of RB Patel Group Limited (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of the management's and directors' 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 we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

We communicate with the management and directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the management and directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the management and directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

To the Shareholders of RB Patel Group Limited (Cont'd)

Report on Other Legal and Regulatory Requirements

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

a) we have been given all information, explanations and assistance necessary for the conduct of the audit; and

b) the company has kept financial records sufficient to enable the financial statements to be prepared and audited.

BDO

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BDO
CHARTERED ACCOUNTANTS

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Wathsala Suraweera
Partner
Suva, Fiji
15 August 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Note		2018	2017
Revenue		$	121,589,393	119,761,900
Cost of sales			(97,229,603)	(96,056,854)
Gross profit			**24,359,790**	**23,705,046**
Other income	6		3,258,147	3,093,419
			27,617,937	26,798,465
Operating expenses			(17,118,107)	(16,403,926)
Impairment loss on trade and other receivables			(23,642)	-
Selling and marketing expenses			(413,956)	(415,712)
Profit from operations			10,062,232	9,978,827
Finance income	7(a)		117,635	79,212
Finance costs	7(b)		(932,585)	(903,352)
Change in fair value of investment properties	14		1,500,000	284,500
Profit before income tax	8		**10,747,282**	**9,439,187**
Income tax expense	9(a)		(1,084,760)	(957,354)
Profit for the year			**9,662,522**	**8,481,833**
Other comprehensive loss				
Items that will not be reclassified to profit or loss:				
Equity investments at fair value through other comprehensive income – change in fair value			(450,000)	-
Total comprehensive income for the year		$	**9,212,522**	**8,481,833**
Dividends per share (including proposed dividends)	21		**17 cents**	**16 cents**
Basic & diluted earnings per share	22		**32 cents**	**28 cents**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note		2018	2017
CURRENT ASSETS				
Cash on hand and at bank		$	294,077	173,474
Trade and other receivables	10		4,150,720	4,555,118
Inventories	11		13,932,116	14,511,814
Held-to-maturity investments	12(a)		-	209,423
Current tax asset	9(b)		13,670	-
Total current assets			**18,390,583**	**19,449,829**
NON-CURRENT ASSETS				
Available-for–sale financial assets	12(c)		-	505,000
Other investments	12(b)		421,202	-
Equity investments	12(d)		55,000	-
Property, plant and equipment	13		23,114,901	23,477,156
Investment properties	14		32,624,968	25,934,485
Right-of-use asset	15		3,086,338	-
Deferred tax assets	9(c)		20,635	8,293
Advances	10		585,000	585,000
Total non-current assets			**59,908,044**	**50,509,934**
TOTAL ASSETS			**78,298,627**	**69,959,763**
CURRENT LIABILITIES				
Trade and other payables	16		11,545,246	9,243,058
Lease Liability	15		423,674	-
Interest bearing borrowings	17		9,380,603	12,403,650
Current tax liability	9(b)		-	29,933
Provisions	18		61,719	33,246
Total current liabilities			**21,411,242**	**21,709,887**
NON-CURRENT LIABILITIES				
Interest bearing borrowings	17		8,415,825	7,106,415
Lease liability	15		2,733,970	-
Deposits	19		277,498	275,092
Deferred tax liabilities	9(d)		2,671,759	2,492,558
Total non-current liabilities			**14,099,052**	**9,874,065**
TOTAL LIABILITIES			**35,510,294**	**31,583,952**
NET ASSETS			**42,788,333**	**38,375,811**
SHAREHOLDERS' EQUITY				
Share capital	20		15,000,000	15,000,000
Investment revaluation reserve			51,230	51,230
Retained earnings			24,137,103	20,024,581
Proposed dividends	21		3,600,000	3,300,000
TOTAL SHAREHOLDERS' EQUITY		$	**42,788,333**	**38,375,811**

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

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

.... Director

.... Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Share Capital ($)	Investment Revaluation Reserve ($)	Retained Earnings ($)	Proposed Dividends ($)	Total ($)
Balance at 1 July 2016	15,000,000	51,230	16,342,748	3,300,000	34,693,978
Total comprehensive income					
Profit for the year	-	-	8,481,833	-	8,481,833
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income	-	-	8,481,833	-	8,481,833
Transactions with owners of the company					
Dividends paid (note 21)	-	-	(1,500,000)	(3,300,000)	(4,800,000)
Proposed dividends (note 21)	-	-	(3,300,000)	3,300,000	-
Total transactions with owners of the company	-	-	(4,800,000)	-	(4,800,000)
Balance at 30 June 2017	**15,000,000**	**51,230**	**20,024,581**	**3,300,000**	**38,375,811**
Total comprehensive income					
Profit for the year	-	-	9,662,522	-	9,662,522
Other comprehensive loss for the year	-	-	(450,000)	-	(450,000)
Total comprehensive income	-	-	9,212,522	-	9,212,522
Transactions with owners of the company					
Dividends paid (note 21)	-	-	(1,500,000)	(3,300,000)	(4,800,000)
Proposed dividends (note 21)	-	-	(3,600,000)	3,600,000	-
Total transactions with owners of the company	-	-	(5,100,000)	300,000	(4,800,000)
Balance at 30 June 2018	**15,000,000**	**51,230**	**24,137,103**	**3,600,000**	**42,788,333**

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Note		2018	2017
Cash flows from operating activities				
Receipts from customers		$	124,650,094	123,011,837
Payments to suppliers and employees			(109,965,043)	(111,227,143)
Cash generated from operations			14,685,051	11,784,694
Interest and other costs of finance (paid) / received, net			(845,421)	(824,060)
Income tax paid			(961,505)	(887,367)
Net cash provided by operating activities			12,878,125	10,073,267
Cash flows from investing activities				
Payment for property, plant and equipment and investment properties			(6,074,661)	(5,244,893)
Proceeds from sale of property, plant and equipment			55,046	83,945
Dividends received			12,000	17,250
Payment for other investment			(211,779)	-
Payment for held-to-maturity investment			-	(9,423)
Advances to related party			(253,556)	(2,400,000)
Repayment of advances from related parties			631,281	1,749,779
Net cash used in investing activities			(5,841,669)	(5,803,342)
Cash flows from financing activities				
Proceeds from borrowings			4,600,562	1,058,236
Repayment of borrowings			(3,789,000)	(1,419,821)
Payment for lease liability			(402,216)	-
Dividends paid			(4,800,000)	(4,800,000)
Net cash used in financing activities			(4,390,654)	(5,161,585)
Net increase / (decrease) in cash and cash equivalents			**2,645,802**	**(891,660)**
Cash and cash equivalents at the beginning of the financial year			(6,531,176)	(5,639,516)
Cash and cash equivalents at the end of the financial year	25(a)	$	**(3,885,374)**	**(6,531,176)**

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

NOTE 1. GENERAL INFORMATION

a) Corporate Information

RB Patel Group Limited (the company) is a limited liability company incorporated and domiciled in Fiji. The company is listed on the South Pacific Stock Exchange. The address of its registered office and principal place of business is located at RB Patel CentrePoint Building, Ratu Dovi Road, Laucala Beach Estate, Nasinu.

b) Principal Activities

The principal activities of the company during the year were that of retailing and wholesaling of general merchandise, owners and administrators of properties and equity investments. The company operates supermarket stores in Nausori, Nakasi, Nasinu, Suva, Sigatoka, Nadi, Lautoka, Labasa and Lami.

There were no significant changes in the nature of these activities during the financial year.

NOTE 2. BASIS OF PREPARATION

a) Basis of Preparation

The financial statements of RB Patel Group Limited have been prepared on the basis of historical cost convention, except for the revaluation of financial assets, investment properties at fair value, and revaluation of certain non-current assets which were taken as “deemed cost” on transition to IFRS during the year ended 31 March 2007. Cost is based on the fair values of the consideration given in exchange for goods and services.

In the application of IFRS, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the future periods are disclosed, where applicable, in the relevant notes to the financial statements.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are critical to the financial statements are disclosed in note 5.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

b) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (‘IFRS’) and with the requirements of the Companies Act, 2015.

c) Comparatives

Where necessary, amounts relating to prior years have been reclassified to facilitate comparison and achieve consistency in disclosure with current year amounts.

NOTE 2. BASIS OF PREPARATION (CONT'D)

d) Changes in Accounting Policies

Except for the changes below, the company has consistently applied the accounting policies to all periods presented in these financial statements.

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 has early adopted IFRS 9 *Financial Instruments* issued in July 2014 with a date of initial application of 1 July 2017. The requirements of IFRS 9 represent a significant change from IAS 39 *Financial Instruments: Recognition and Measurement*.

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

As a result of the adoption of IFRS 9, the company adopted consequential amendments to IAS 1 *Presentation of Financial Statements* which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income (OCI). Previously, the company's approach was to include the impairment of trade receivables in operating expenses. Additionally, the company adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures* that are applied to disclosures about 2018 but generally have not been applied to comparative information.

i. Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. The impact of transition of instruments in these categories is detailed in note 3(e) and note 2(d)A(iv).

For an explanation of how the company classifies and measures financial assets and accounts for related gains and losses under IFRS 9, refer Note 3(e).

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, contract assets, debt investments at FVOCI and loan commitments issued, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39 – refer Note 3(e).

iii. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 (2014) 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 July 2017. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

NOTE 2. BASIS OF PREPARATION (CONT'D)

d) Changes in Accounting Policies (Cont'd)

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

iii. Transition (Cont'd)

- 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 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.

There has been no impact of transition to IFRS 9 on reserves and retained earnings at 1 July 2017.

iv. Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the company's financial assets and financial liabilities as at 1 July 2017:

	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					
Other investments	12(a)	Held to maturity	Amortised cost	209,423	209,423
Financial assets	12(c)	Available-for-sale	FVOCI	505,000	505,000
Trade and other receivables	10	Loans and receivables	Amortised cost	4,555,118	4,555,118
Cash on hand and at bank		Loans and receivables	Amortised cost	173,474	173,474
Advances	10	Loans and receivables	Amortised cost	585,000	585,000
Total financial assets				**6,028,015**	**6,028,015**
Financial liabilities					
Trade and other payables	16	Other financial liabilities	Other financial liabilities	9,243,058	9,243,058
Interest bearing borrowings	17	Other financial liabilities	Other financial liabilities	19,510,065	19,510,065
Total financial liabilities				**28,753,123**	**28,753,123**

The company's accounting policies on the classification of financial instruments under IFRS 9 are set out in Note 3(e). The application of these policies resulted in the reclassifications set out in the table above and explained below:

NOTE 2. BASIS OF PREPARATION (CONT'D)

d) Changes in Accounting Policies (Cont'd)

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

iv. Classification of financial assets and financial liabilities on the date of initial application of IFRS 9 (Cont'd)

a. Equity securities represent investments that the company intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the company has designated these investments at the date of initial application as measured at FVOCI.

b. Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost.

c. Debt securities that were previously classified as held-to-maturity are now classified at amortised cost. The company intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 July 2017:

	IAS 39 carrying amount at 30 June 2017 ($)	Re-Classification ($)	Re-Measurement ($)	IFRS 9 carrying amount at 1 July 2017 ($)
Financial assets				
Amortised cost				
Cash on hand and at bank				
Brought forward: Loans and receivables	173,474			
Carried forward: Amortised cost				173,474
Trade and other receivables				
Brought forward: Loans and receivables	4,555,118			
Carried forward: Amortised cost				4,555,118
Advances				
Brought forward: Loans and receivables	585,000			
Carried forward: Amortised cost				585,000
Other investments				
Brought forward: Held to maturity	209,423			
Carried forward: Amortised cost				209,423
Total amortised cost	**5,523,015**			**5,523,015**
FVOCI				
Equity investments				
Brought forward: Available for sale	505,000			
Reclassified to: FVOCI – equity				505,000
Total FVOCI	**505,000**			**505,000**

There has been no impact of transition to IFRS 9 on the opening ECL allowance determined in accordance with IFRS 9 as at 1 July 2017.

NOTE 2. BASIS OF PREPARATION (CONT'D)

d) Changes in Accounting Policies (Cont'd)

B. IFRS 16 - Leases

The company has early adopted IFRS 16 *Leases* with a date of initial application of 1 July 2017. As a result, the company has changed its accounting policy for lease contracts as detailed below.

The company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2017. 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 3(p).

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 July 2017.

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 July 2017.

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 July 2017. 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

NOTE 2. BASIS OF PREPARATION (CONT'D)

d) Changes in Accounting Policies (Cont'd)

B. IFRS 16 - Leases (Cont'd)

III. As a lessor

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

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

iv. Impacts on financial statements

On transition to IFRS 16, the company recognised an additional $3,559,860 of right-of-use assets and $3,559,860 of lease liabilities, refer note 15.

When measuring lease liabilities, the company discounted lease payments using its incremental borrowing rate at 1 July 2017. The weighted-average rate applied is 5%.

	$
Operating lease commitment at 30 June 2017 as disclosed in the company's financial statements (note 23(b))	2,591,406
Discounted using the incremental borrowing rate at 1 July 2017	(1,106,985)
Extension and termination options reasonably certain to be exercised	3,177,360
Short term leases	(1,101,921)
Lease liabilities recognised at 1 July 2017 (note 15)	3,559,860

C. IFRS 15 - Revenue from Contracts with Customers

The company early adopted IFRS 15 *Revenue from Contracts with Customers* issued in May 2014 with a date of initial application of 1 July 2017. As a result, the company has changed its accounting policy for revenue recognition as detailed below.

The company applied IFRS 15 using the cumulative effect method – i.e. by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at 1 July 2017. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 - Revenue and IAS 11 - Construction contracts. There was no quantitative impact of the changes in accounting policies from the adoption of IFRS 15.

Amendments to standards and annual improvements effective from 1 January 2017

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

Amendment which is relevant to the entity is summarised below:

IAS 7: Amendment – Disclosure Initiative

These amendments are effective from 1 January 2017 and aim to improve information about an entity's debt, including movements in that debt.

NOTE 2. BASIS OF PREPARATION (CONT'D)

d) Changes in Accounting Policies (Cont'd)

C. IFRS 15 - Revenue from Contracts with Customers (Cont'd)

IAS 7: Amendment – Disclosure Initiative (Cont'd)

Disclosures are required to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

New standards, amendments, annual improvements and interpretation that have been issued but are not mandatorily effective as at 30 June 2018

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

Amendment which is applicable to the entity is:

IAS 40: Amendment – Transfers of Investment Property

This amendment is effective from 1 January 2018 and clarifies that transfer of a property to, or from investment property is made when, and only when, there is a change in use.

Annual improvements and interpretation applicable to the entity are:

Annual Improvements to IFRSs 2014 – 2016 Cycle (IFRS 1 and IAS 28) effective from 1 January 2018

IFRS 1 – A number of short term exemptions in IFRS 1 were deleted. The relief provided by these exemptions were no longer applicable.

IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration

IFRIC interpretation 22 is effective from 1 January 2018 and addresses how to determine the date of transaction for the purpose of determining the spot exchange rate used to translate foreign currency transactions on initial recognition in circumstances when an entity pays or receives some or all of the foreign currency in advance of the recognition of the related asset, expense or income.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Property, Plant and Equipment

Property, plant and equipment are measured at cost and deemed cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including buildings and leasehold land but excluding freehold land.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Property, Plant and Equipment (Cont'd)

Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

Freehold land is not depreciated. Other property, plant and equipment is depreciated on a straight-line basis over its estimated useful life using the following rates:

Leasehold lands	Terms of leases
Buildings	1.25% - 2.50%
Furniture, fittings and office equipment	12% - 40%
Motor vehicles	18%

Buildings on leasehold land are depreciated using the straight-line method over their estimated useful lives or the remaining period of the lease whichever is shorter.

Profits and losses on disposal of property, plant and equipment are taken into account in determining the results for the year.

Capital work in progress principally relates to costs incurred in respect of property construction. Capital work in progress is not depreciated.

(b) Investment Properties

Investment properties principally comprising freehold land, leasehold land and building are held to earn rentals and/or for capital appreciation, are measured initially at its cost including transaction costs. During prior years and until 30 June 2016, subsequent to initial recognition, investment properties were measured at its cost less any accumulated depreciation and accumulated impairment losses.

Effective from 1 July 2016, investment properties are stated in the statement of financial position at fair values, less any subsequent impairment losses. Gains and losses arising from changes in the fair value of investment properties are included in the statement of profit or loss in the period in which they arise. Valuations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Investment properties are derecognised when either it has been disposed or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are taken into consideration in determining the results for the period.

(c) Impairment of Non - Financial Assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible 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. When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Impairment of Non - Financial Assets (Cont'd)

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit or loss immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(d) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on actual cost on first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

Provisions for inventory obsolescence are raised based on a review of inventories. Inventories considered obsolete or un-saleable are written off in the period in which they are identified.

(e) Financial Instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued 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.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(ii) Classification and subsequent measurement

Financial assets – Policy applicable from 1 July 2017

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

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

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

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

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

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

Financial assets: Business model assessment – Policy applicable from 1 July 2017

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. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(ii) Classification and subsequent measurement

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 July 2017

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: Reclassifications– Policy applicable from 1 July 2017

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

Financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 July 2017

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.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

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

Financial assets – Policy applicable before 1 July 2017

The company classifies its financial assets in the following categories: held-to-maturity investments, available-for-sale 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.

Held-to-maturity investments

Non derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to- maturity when the company has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs.

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

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

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

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

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are classified as non-current assets. The company's receivables comprise 'trade and other receivables' disclosed in the statement of financial position (note 10). Bad debts are written off during the period in which they are identified.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

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

Financial assets – Policy applicable before 1 July 2017 (Cont'd)

Loans and Receivables (Cont'd)

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.

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

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

(iv) Modifications of financial assets

If the terms of a financial asset are modified, the company evaluates whether the cash flows of the modified asset 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 (see (3(e)(iii))) and a new financial asset is recognised at fair value.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(iv) Modifications of financial assets (Cont'd)

Policy applicable from 1 July 2017

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 (see (3(f)),then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income (see (3(u)).

Policy applicable before 1 July 2017

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 (see (3(f).

(iv) 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.

(f) Impairment of Financial Instruments

Policy applicable from 1 July 2017

The company recognises loss allowances for ECLs on financial assets measured at amortised cost. No impairment loss is recognised on equity investment.

The company measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets 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 considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the 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.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Impairment of Financial instruments (Cont'd)

Policy applicable from 1 July 2017 (Cont'd)

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.

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 90 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.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Impairment of Financial instruments (Cont'd)

Policy applicable from 1 July 2017 (Cont'd)

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 July 2017

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

An allowance for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

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

(g) Cash and Cash Equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash on hand and cash in banks, net of outstanding bank overdrafts. Bank overdrafts are shown within interest bearing borrowings in current liabilities in the statement of financial position.

(h) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Borrowings (Cont'd)

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

(i) Trade and Other Payables

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

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(j) Provisions

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

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

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

(k) Employee Benefits

Wages and salaries

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are accrued up to the reporting date.

Annual leave and sick leave

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

Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates prevailing at that time.

Defined contribution plans

Contributions to Fiji National Provident Fund are expensed when incurred.

(l) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(m) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Income Tax (Cont'd)

Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance 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 Tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset and liability giving rise to them are realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and Deferred Tax for the year

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

Capital Gains Tax

Capital Gains Tax (CGT) is applicable on capital gains realised on disposal of certain 'non-depreciable capital assets' as set out in the Income Tax Act. Accordingly, where these capital assets are stated at fair value, a corresponding deferred tax liability is recognised on surplus / gain on valuation of non-depreciable capital assets at the rate of 10%.

(n) Value Added Tax

Revenues, expenses, liabilities and assets are recognised net of the amount of Value Added Tax (VAT), except:

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

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

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Value Added Tax (Cont'd)

The VAT component of cash flows arising from operating and investing activities which is recoverable from or payable to, the taxation authority is classified as operating cash flows.

(o) Foreign Currency

Functional and Presentation Currency

The company operates in Fiji and hence the financial statements are presented in Fiji dollars, which is the company's functional and presentation currency.

Transactions and Balances

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in the statement of profit or loss in the period in which they arise.

(p) Leases

The company has applied IFRS 16 using the modified retrospective approach 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 changes is disclosed in Note 2(d).

Policy applicable from 1 July 2017

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 July 2017. 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.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Leases (Cont'd)

Policy applicable from 1 July 2017 (Cont'd)

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

Policy applicable as a lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements 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 remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option.

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

The company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in the statement of financial position (refer note 15).

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Leases (Cont'd)

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 as a lessor

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

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

When the company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the company applies IFRS 15 to allocate the consideration in the contract.

The company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

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

Policy applicable before 1 July 2017

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 Lessor

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

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.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Revenue

The company applied IFRS 15 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11. There was no quantitative impact of the changes in accounting policies from the adoption of IFRS 15.

Policy Applicable from 1 July 2017

The company recognises revenue from selling goods or services to customers at an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. 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.

Revenue recognition with respect to the company's specific business activities are as follows:

Sale of Goods

The majority of the company's revenue is derived from selling goods with revenue recognised at a point in time when possession of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the company no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

Sales revenue represent revenue earned from the sale of merchandise and is stated net of returns, trade allowances and Value Added Tax.

Rental Income

Rental income is recognised on straight line basis over the lease term.

Rental income represents income earned from renting out of building space and is stated net of Value Added Tax.

Dividend Income

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

Interest Income

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

Policy Applicable before 1 July 2017

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with goods and the

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Revenue (Cont'd)

Policy Applicable before 1 July 2017 (Cont'd)

amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts. For export sales risks and rewards are evaluated based on the shipping terms and conditions.

(r) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use of sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statement of profit or loss in the period in which they are incurred.

(s) Earnings Per Share

Basic earnings per share

Basic earnings per share (EPS) is determined by dividing profit after income tax attributable to members of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted EPS is the same as the basic EPS as there are no ordinary shares which are considered dilutive.

(t) Dividend Distribution

Dividend declared but not distributed is recognised as a liability in the company's financial statements in the period in which the dividend is declared by the company's directors.

(u) Finance income and finance costs

The company's finance income and finance costs include:

- interest income on advances;
- bank and loan administration charges;
- Interest expense on borrowings;
- impairment losses (and reversals) on investments in debt securities carried at amortised cost; and
- Interest expense on lease liabilities.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Fair value measurement

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

When one is available, the company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

If an asset or a liability measured at fair value has a bid price and an ask price, then the company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

(w) Segment Reporting

Operating Segment

An operating segment is a component of the company which may earn revenue and incur expenses and the operating results are regularly reviewed by the directors of the company to make decisions about resources to be allocated to the segments and assess its performance.

The company has identified supermarket segment and rental segment as two major reportable operating segments.

The accounting policies adopted for segment reporting are the same accounting policies adopted for preparing and presenting financial statements of the company.

Geographic Segment

A geographical segment constitutes the provision of products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

The company predominantly operates in Fiji and business from outside Fiji is not material. Accordingly, the company is in one geographical area for reporting purposes.

The segment reporting has been disclosed under note 27.

NOTE 4. RISK MANAGEMENT

4.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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 executive management. Executive management identifies, evaluates and monitors financial risks in close co-operation with the operating units. The board provides policies for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

(a) Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rate, equity prices, and credit spreads will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimising the return on risk.

Unfavourable changes to duty and tax regulations may expose the company to a decline in revenues. To minimise this risk, the company implements appropriate strategies to ensure that products and prices remain attractive. The company operates in Fiji and changes to Governments and the policies they implement affect the economic situation and ultimately the revenue of the company. To address this, the company reviews its pricing and product range regularly and responds appropriately to these changes.

(i) Foreign exchange risk

The company undertakes transactions denominated in foreign currencies. Consequently, exposures to exchange rate fluctuation. Exchange rate exposures are managed within approved policy parameters. Major foreign exchange transactions relates to importation of goods of which settlement is based on spot rates. Foreign currency risk arises from recognised assets and liabilities that are denominated in a currency that is not the company's functional currency (refer note 3(o)). As a measure, the company negotiates competitive rates with its bankers to minimise losses and maximise gains when foreign exchange receipts and payments become due.

The carrying amount of the company's significant foreign currency denominated monetary liabilities (aggregating over $100,000) at the end of reporting period are as follows:

	Liabilities	
	2018	**2017**
	F$	**F$**
US Dollars	1,373,344	669,933
NZ Dollars	199,337	255,903

Changes in the exchange rate by 10% (increase and decrease) are not expected to have a significant impact on the net profit and equity balances currently reflected in the company's financial statements.

NOTE 4. RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(ii) Interest rate risk

The company has significant interest-bearing borrowings. Borrowing from banks are at variable interest rates. This exposes the company to interest rate risk. These risks are managed closely by the directors and the management within the approved policy parameters. For additional borrowings, the company negotiates an appropriate interest rate with banks and other lenders with the board approval and borrows from banks and other financial institutions which offers the overall favourable terms, including the interest rate. Changes in the interest rate by 1% (increase and decrease) are not expected to have a significant impact on the net profit and equity balances currently reflected in the company's financial statements.

The carrying amounts of the company's financial instruments that are exposed to interest rate risk as at 30 June 2018 and 2017 are summarized below:

Financial Instruments	Less than 1 year ($)	1 year and over ($)	Total ($)
At 30 June 2018			
Financial liabilities:			
Bank overdraft	4,179,451	-	4,179,451
Bank loans	1,411,152	8,415,825	9,826,977
Advances	3,790,000	-	3,790,000
Total financial liabilities	**9,380,603**	**8,415,825**	**17,796,428**
At 30 June 2017			
Financial liabilities:			
Bank overdraft	6,704,650	-	6,704,650
Bank loans	1,909,000	7,106,415	9,015,415
Advances	3,790,000	-	3,790,000
Total financial liabilities	**12,403,650**	**7,106,415**	**19,510,065**

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.

Trade accounts receivable consist of a large number of customers, spread across geographical areas. Ongoing credit evaluations are performed on the financial condition of accounts receivables.

The company does not have any significant credit risk exposure to any single counterparty or any company 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.

NOTE 4. RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

(b) Credit risk (Cont'd)

Impairment losses on financial assets recognised in profit or loss were as follows.

		2018	2017
Impairment loss on trade and other receivables	$	23,642	-

Trade and other receivables

Expected credit loss assessment for trade and other receivables as at 1 July 2017 and 30 June 2018
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 receivables from individual customers as at 30 June 2018:

	Weighted-average loss rate	Gross Carrying amount ($)	Loss allowance ($)	Credit impaired
30 June 2018				
Current (not past due)	-	690,193	-	690,193
30 days past due	-	301,451	-	301,451
60 days past due	-	156,376	-	156,376
More than 90 days past due	28.86%	254,080	(73,321)	180,759
		1,402,100	(73,321)	1,328,779

Loss rates are based on actual credit loss experience over the past two 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.

Movements in the allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows. Comparative amounts for 2017 represent the allowance account for impairment losses under IAS 39.

		2018	2017
Balance at 1 July per IAS 39		49,679	69,749
Adjustment on initial application of IFRS 9		-	-
Balance at 1 July per IFRS 9		49,679	69,749
Amounts written off		-	-
Net remeasurement of loss allowance		23,642	(20,070)
Balance at 30 June	$	73,321	49,679

NOTE 4. RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

(b) Credit risk (Cont'd)

Cash on hand and at bank

The company held cash of $294,077 at 30 June 2018 (2017: $173,474). Cash are held with bank and financial institution counterparties, which have sound credit ratings.

The company considers that its cash have low credit risk based on the external credit ratings of the counterparties.

On initial application of IFRS 9, the company recognised $Nil impairment allowance as at 1 July 2017.

Debt securities

The company limits its exposure to credit risk by investing only in liquid debt securities. The company monitors changes in credit risk by reviewing available press and regulatory information about issuers.

Impairment on debt securities has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The company considers that its debt securities have low credit risk based on the available press and regulatory information about issuers.

The company did not have any debt securities that were past due but not impaired at 30 June 2018.

An impairment allowance of $nil (2017:nil) in respect of debt securities and advances at amortised cost (2017: held to maturity and advances) was recognised. The company has no collateral in respect of these investments.

(c) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations for its financial liabilities. Prudent and careful management of the company's liquidity position is essential in order to ensure that adequate funds are available to meet the company's ongoing financial obligations.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (excluding lease liabilities).

Financial Liabilities	Less than 1 year ($)	Between 1 and 2 years ($)	Between 3 and 5 years ($)	Over 5 years ($)	Total ($)
At 30 June 2018					
Bank loans	1,411,152	1,561,152	3,574,125	3,280,548	9,826,977
Advances	3,790,000	-	-	-	3,790,000
Bank overdraft	4,179,451	-	-	-	4,179,451
Trade and other payables	11,545,246	-	-	-	11,545,246
Lease liability	423,674	291,349	616,159	1,826,462	3,157,644
At 30 June 2017					
Bank loans	1,909,000	1,464,000	3,886,415	1,756,000	9,015,415
Advances	3,790,000	-	-	-	3,790,000
Bank overdraft	6,704,650	-	-	-	6,704,650
Trade and other payables	9,243,058	-	-	-	9,243,058

NOTE 4. RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

Non- derivative financial assets	Carrying amount $	Contractual cash flows					
		Total $	On demand $	Up to 1 year $	1-2 years $	2-5 years $	More than 5 years $
30 June 2018							
Other Investments	421,202	421,202	-	-	-	421,202	-
Financial Assets	55,000	55,000	-	-	-	-	55,000
Trade and other receivables	4,150,720	4,150,720	-	4,150,720	-	-	-
Cash at bank	294,077	294,077	294,077	-	-	-	-
Advances	585,000	585,000	-	-	-	-	585,000
	5,505,999	5,505,999	294,077	4,150,720	-	421,202	640,000
30 June 2017							
Held-to-maturity	209,423	209,423	-	209,423	-	-	-
Available-for-sale	505,000	505,000	-	-	-	-	505,000
Trade and other receivables	4,555,118	4,555,118	-	4,555,118	-	-	-
Cash at bank	173,474	173,474	173,474	-	-	-	-
Advances	585,000	585,000	-	-	-	-	585,000
	6,028,015	6,028,015	173,474	4,764,541	-	-	1,090,000

(d) Other Risks

(i) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, and fraud to external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial crisis. The company cannot expect to eliminate all operational risk, but through a control framework and by monitoring and responding to potential risks, the company is able to manage risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment procedures.

(ii) Regulatory risk

The company's profitability can be impacted by regulatory agencies established which govern the business sector in Fiji. Specifically retail and wholesale prices of various products are regulated by the Fijian Competition & Consumer Commission.

The salaries and wages payable to workers are subject to relevant wages regulations and employment legislation.

NOTE 4. RISK MANAGEMENT (CONT'D)

4.2 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and/or sell assets to reduce debt.

The company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 30 June 2018 and 2017 were as follows:

		2018	2017
Total borrowings (note 17)	$	17,796,428	19,510,065
Less: Cash on hand and at bank		(294,077)	(173,474)
Net debt		17,502,351	19,336,591
Total equity		42,788,333	38,375,811
Total capital (Equity + Net debt)	$	60,290,684	57,712,402
Gearing ratio % (Net debt / Total capital)		29%	34%

4.3 Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The carrying values of financial liabilities are estimated to approximate their fair values.

NOTE 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In application of the company's accounting policies, which are described in note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

NOTE 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year and in future are discussed below.

Critical Judgments in Applying the Entity's Accounting Policies

(a) Fair Value Measurement of Investment Properties

The company measures investment properties at fair value with changes in fair value being recognised in profit or loss.

The company uses valuation techniques that include valuation assessment and estimates based on observable and unobservable market data and observable internal financial data to estimate the fair value of investment properties. Note 14 provides detailed information about the key assumptions used in the determination of the fair value of investment properties.

The directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of investment properties.

(b) Provision for stock obsolescence

Provision for stock obsolescence is assessed and raised on a specific basis based on a review of inventories. Inventory balances are reviewed continuously and inventories considered obsolete or non-saleable are written off in the period in which they are identified. The management's decision in maintaining provision for stock obsolescence requires judgment and estimates of future realisable values in relation to slow moving and old inventories.

(c) Deferred tax liabilities

Deferred tax liability is recognized on taxable temporary differences over accounting and tax carrying amounts in respect of company properties and is measured at the tax rates that are expected to apply in the period in which the liability is expected to be settled. The management's decision in recording its deferred tax liability requires significant judgment and estimates of future tax rates and future tax payables. Accordingly, subsequent events may result in outcomes that may be different from the judgments and estimates applied.

(d) Depreciation of property, plant and equipment

In relation to property, plant and equipment, the directors and the management apply judgment to determine the depreciation period based on the expected useful lives of the respective assets. Where estimated useful lives or recoverable values have diminished due to technological change or market conditions, depreciation is accelerated. The director's and management's assessment of useful lives or recoverable amount involves making a judgement, at the particular point in time, about inherent uncertain future outcomes of events or conditions. Accordingly, subsequent events may result in outcomes that are significantly different from assessment.

NOTE 6. OTHER INCOME

		2018	2017
Rental revenue	$	3,077,866	2,929,001
Gain on disposal of plant and equipment		55,042	79,740
Dividends – non related entity		12,000	17,250
Commission		40,862	5,090
Reversal of allowance for impairment loss		-	20,070
Miscellaneous income		72,377	42,268
Total other income	$	3,258,147	3,093,419

NOTE 7. FINANCE COST / (INCOME) - NET

		2018	2017
(a) Finance income:			
Interest income on deposits and advances	$	(117,635)	(79,212)
(b) Finance cost:			
Bank and loan administration charges		204,494	205,855
Interest expense - borrowings		559,231	697,497
Interest expense - lease liability		168,860	-
Total finance costs		932,585	903,352

Borrowing costs amounting to $164,044 (2017: $18,481) was capitalized to investment properties (note 14).

NOTE 8. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging the following expenses:

	2018	2017
Auditor's remuneration for:		
- Audit fees	48,000	47,000
- Other services	34,230	7,400
Directors fees	50,000	28,000
Management fees	4,435,917	4,359,448
Depreciation of property, plant and equipment	1,115,242	1,032,095
Depreciation of leased properties	473,522	-
Operating lease rental expenses	467,694	1,025,213
Personnel costs:		
- Salaries, wages, incentives and training levy	6,208,243	5,888,614
- FNPF contribution	611,322	566,112

NOTE 9. INCOME TAX

(a) Income Tax Expense

The prima facie tax payable on profit is reconciled to the income tax expense as follows:

		2018	2017
Profit before income tax		10,747,282	9,439,187
Prima facie tax thereon at 10%		1,074,728	943,919
Tax effect of permanent differences:			
Non-deductible expenses		39,184	51,625
Non-taxable income		(1,200)	(1,725)
Income tax deductions and concessions		(35,302)	(41,631)
Under provision for income tax expense in prior year		7,350	43
Deferred capital gain tax liability on fair value gain on equity investments		-	5,123
Income tax expense attributable to profit		1,084,760	957,354
Income tax expense comprises movements in:			
Current tax liabilities		917,901	735,851
Deferred tax liabilities		179,201	219,496
Deferred tax assets		(12,342)	2,007
	$	1,084,760	957,354

NOTE 9. INCOME TAX (CONT'D)

		2018	2017
(b) Current Tax Liability / (Asset)			
Balance at the beginning of the year	$	29,933	181,449
Income tax paid		(961,505)	(887,367)
Over provision of income tax in the prior year		7,350	43
Income tax liability for the current year		910,552	735,808
Balance at the end of the year		(13,670)	29,933
(c) Deferred Tax Assets			
Deferred tax assets comprise the estimated future benefit at future income tax rate of 10% of the following items:			
Difference between Right of Use Asset and Lease Liability		7,130	-
Provision for employee entitlements		6,173	3,325
Allowance for impairment loss		7,332	4,968
Balance at the end of the year		20,635	8,293
(d) Deferred Tax Liabilities			
Deferred tax liabilities comprise the estimated expense at future income tax rate and capital gains tax rate of 10% of the following items:			
Difference in net carrying value of property, plant and equipment and investment properties for accounting and income tax purpose		2,624,516	2,466,493
Capital gains tax (at the rate of 10%) on the fair value gain on equity investments		5,123	5,123
Cyclone reserve deposit		42,120	20,942
Balance at the end of the year		2,671,759	2,492,558

NOTE 10. TRADE AND OTHER RECEIVABLES

		2018	2017
Current			
Trade receivables		1,402,100	1,313,924
Allowance for impairment loss		(73,321)	(49,679)
		1,328,779	1,264,245
Other receivables (a)		1,731,966	2,034,585
Deposits		545,303	590,039
Prepayments		544,672	666,249
Total current trade and other receivables		4,150,720	4,555,118
Non – Current			
Advances to Sunergise (Fiji) Limited (b)	$	585,000	585,000

NOTE 10. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables principally comprise amounts outstanding for sale of merchandise goods. Trade receivables are non-interest bearing and are generally settled on 7 – 60 days term

(a) Other receivables includes $1,279,240 (2017: $1,910,521) receivable from fellow subsidiary, Life Cinema Limited and $253,556 (2017: $nil) receivable from a director.

(b) Advance provided to Sunergise (Fiji) Limited is for funding of the installation of solar panel system at Lautoka, CentrePoint and HarbourPoint supermarkets and RB Patel JetPoint complex. The advance has been provided to obtain competitive electricity rates. The advance is subject to fixed interest rate for the first 5 years and thereafter, is subject to variable interest rate for the next 5 years. The advance is unsecured and the principal amount is repayable at the end of the term of 10 years.

Ageing of past due but not impaired trade accounts receivable:		2018	2017
30 – 60 days	$	301,451	402,542
60 – 90 days		156,376	88,556
Over 90 days		180,759	44,696
Total past due unimpaired trade receivables		638,586	535,794

As of 30 June 2018 trade receivables of $73,321 (2017: $49,679) were considered impaired. The movement in allowance for impairment loss is as follows:

Movement in the allowance for impairment loss:

Balance at the beginning of the year	49,679	69,749
Impairment loss during the year	23,642	-
Reversal of allowance for impairment loss	-	(20,070)
Balance as at 30 June	73,321	49,679

NOTE 11. INVENTORIES

Finished goods	12,107,151	13,270,964
Goods in transit	1,824,965	1,240,850
Total inventories	13,932,116	14,511,814

Finished goods are generally stated at cost. The value of inventories carried at net realisable values as at the year end is insignificant. Inventories considered to be un–saleable or obsolete are written off in the period in which they are identified as un-saleable or obsolete.

NOTE 12. FINANCIAL ASSETS

(a) Held-to-Maturity Investments

Current

Cyclone reserve deposit – Merchant Finance Limited	$	-	209,423

NOTE 12. FINANCIAL ASSETS (CONT'D)		**2018**	**2017**
(b) Other Investments			
Non-Current			
Cyclone reserve deposit – Merchant Finance Limited (at amortised cost)	$	421,202	-
(c) Available-for-Sale Financial Assets			
Non-Current			
Equity investments in unlisted companies	$	-	505,000
(d) Equity Investments			
Non-Current			
Equity investments in unlisted entities - at FVOCI		505,000	-
Change in fair value		(450,000)	-
Total equity investments, net		55,000	-
Reconciliation for equity investments			
Opening balance		505,000	-
Change in fair value		(450,000)	-
Total equity investments, net	$	55,000	-

Equity securities designated as at FVOCI

At 1 July 2017, the company designated the investments shown above as equity securities as at FVOCI because these equity securities represent investments that the company intends to hold for the long-term for strategic purposes. In 2017, these investments were classified as available-for-sale – see Note 2(d)(A)(iv)(a).

Dividend income recognised during the year is disclosed in Note 6.

No strategic investments were disposed off during 2018, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land at deemed cost ($)	Leasehold land at deemed cost ($)	Buildings at deemed cost ($)	Office equipment at cost ($)	Motor vehicles at cost ($)	Capital Work in progress ($)	Total ($)
Gross carrying amount							
Balance at 1 July 2016	6,215,409	2,056,199	20,600,790	6,930,193	1,399,378	5,652	37,207,621
Additions	-	-	-	569,565	608,318	-	1,177,883
Disposals	-	-	-	-	(132,499)	-	(132,499)
Transfer to investment properties (note 14)	(1,201,240)	(183,402)	(2,564,867)	-	-	-	(3,949,509)
Balance at 30 June 2017	**5,014,169**	**1,872,797**	**18,035,923**	**7,499,758**	**1,875,197**	**5,652**	**34,303,496**
Additions	-	-	-	582,897	170,095	-	752,992
Disposals	-	-	-	-	(226,883)	-	(226,883)
Balance at 30 June 2018	**5,014,019**	**1,872,797**	**18,035,923**	**8,082,655**	**1,818,409**	**5,652**	**34,829,605**
Accumulated depreciation							
Balance at 1 July 2016	-	550,725	3,211,560	5,344,061	1,011,360	-	10,117,706
Depreciation expense	-	32,963	261,577	543,505	194,050	-	1,032,095
Disposals	-	-	-	-	(128,295)	-	(128,295)
Transfer to investment properties note 14)	-	(34,217)	(160,949)	-	-	-	(195,166)
Balance at 30 June 2017	**-**	**549,471**	**3,312,188**	**5,887,566**	**1,077,115**	**-**	**10,826,340**
Depreciation expense	-	32,962	261,577	571,190	249,513	-	1,115,242
Disposals	-	-	-	-	(226,878)	-	(226,878)
Balance at 30 June 2018	**-**	**582,433**	**3,573,765**	**6,458,756**	**1,099,750**	**-**	**11,714,704**
Net book value							
As at 30 June 2017	**5,014,169**	**1,323,326**	**14,723,735**	**1,612,192**	**798,082**	**5,652**	**23,477,156**
As at 30 June 2018	**5,014,169**	**1,290,364**	**14,462,158**	**1,623,899**	**718,659**	**5,652**	**23,114,901**

Prior to April 2006, land and buildings were revalued by the directors based on independent valuation. Upon adoption of IFRS (effectively from April 2006), the company had elected the option provided under IFRS 1 to apply the cost model (deemed cost) for land and buildings previously re-valued, and accordingly, the cost value of land and buildings include revaluation increments amounting to $2,637,335. In accordance with the security arrangements for borrowings from the bank, these properties have been pledged as security (refer note 17).

NOTE 14. INVESTMENT PROPERTIES

	Freehold land ($)	Leasehold land ($)	Buildings ($)	Work in progress ($)	Total ($)
Gross carrying amount					
Balance at 1 July 2016 – at fair value	4,648,760	1,800,815	11,346,081	818,902	18,614,558
Transfer from property, plant and equipment	1,201,240	149,185	2,403,919	-	3,754,344
Additions	-	5,500	-	3,275,583	3,281,083
Change in fair value	340,000	34,500	(90,000)	-	284,500
Balance at 30 June 2017	6,190,000	1,990,000	13,660,000	4,094,485	25,934,485
Additions	-	-	-	5,190,483	5,190,483
Change in fair value	670,000	130,000	700,000	-	1,500,000
Balance at 30 June 2018	6,860,000	2,120,000	14,360,000	9,284,968	32,624,968

NOTE 14. INVESTMENT PROPERTIES (CONT'D)

During prior years and until 30 June 2016, subsequent to initial recognition, investment properties were measured at its cost less any accumulated depreciation and accumulated impairment losses. Effective from 1 July 2016, investment properties are stated in the statement of financial position at fair values, less any subsequent impairment losses.

An independent valuation was carried out by registered valuer, Rolle Associates, in June 2018 for investment properties of the company to assess the fair values of the properties. The directors' and management work closely with the external valuer to establish the appropriate valuation techniques and inputs to the valuation model. The valuation methodologies adopted by the valuer were Summation Method and Sales Comparison Method.

The excess market value over book value of $1,500,000 has been recorded as an increase in fair value to investment properties in the financial statements for the year ended 30 June 2018, based on management and directors' assessment of fair values and taking into consideration the recent valuations by registered valuer Rolle Associates. Furthermore, fair value gain on investment properties amounting to $1,500,000 has been recorded in statement of profit or loss and deferred tax liability of $150,000 has been recorded in statement of financial position for the year ended 30 June 2018.

In accordance with the security arrangements for borrowings from the bank, these investment properties have been pledged as security (refer note 17).

Borrowing costs amounting to $164,044 (2017: $18,481) in relation to the construction of the JetPoint Carpark Building in Martintar, Nadi was capitalized to investment properties.

NOTE 15. LEASES

(a) As a lessee

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

		2018	2017
Right-of-use assets			
Balance at 1 July 2017	$	3,559,860	-
Depreciation charge for the year		473,522	-
Balance at 30 June 2018		3,086,338	-

Additions to the right-of-use assets during 2018 were $nil.

		2018	2017
Lease liabilities			
Maturity analysis – contractual undiscounted cash flows			
Less than one year		571,933	-
One to five years		1,371,476	-
More than five years		2,164,475	-
Total undiscounted lease liabilities at 30 June 2018		4,107,884	-
Lease liabilities included in the statement of financial position at 30 June 2018			
Current		423,674	-
Non-current		2,733,970	-
	$	3,157,644	-

NOTE 15. LEASES (CONT'D)		2018	2017
(a) As a lessee (cont'd)			
Amounts recognised in profit or loss			
Interest on lease liabilities	$	168,860	-
Variable lease payments not included in the measurement of lease liabilities		467,694	-
		636,554	-
Amounts recognised in the statement of cash flows			
Total cash outflow for leases		402,216	-

Real estate leases

The company leases land and buildings for its retail stores. The leases of retail stores typically run for a period of twelve to twenty years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices.

The company sub-leases some of its properties under operating leases.

Extension options

Some leases of retail stores contain extension options exercisable by the company up to one year before the end of the non-cancellable contract period. Where practicable, the company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the company and not by the lessors. The company assesses at lease commencement whether it is reasonably certain to exercise the extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

(b) As a lessor

Lease income from lease contracts in which the company acts as a lessor is as below:

Operating lease

		2018	2017
Lease income	$	3,077,866	2,929,001

Operating lease

The company leases out its investment property. The company has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 14 sets out information about the operating leases of investment properties.

Note 23(d) sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

NOTE 16. TRADE AND OTHER PAYABLES

		2018	2017
Trade payables	$	8,468,781	6,453,984
Other payables (a)		2,916,265	2,458,736
VAT payable		149,270	319,408
Dividends payable		10,930	10,930
		11,545,246	9,243,058

Trade payables principally comprise amounts outstanding for trade purchases and on-going costs. Trade payables are non-interest bearing and are normally settled on 30 – 60 days term.

(a) Other payables includes $1,486,850 (2017: $1,421,743) payable to the holding company.

NOTE 17. INTEREST BEARING BORROWINGS

		2018	2017
Current			
Bank overdrafts		4,179,451	6,704,650
Bank Loan – ANZ Banking Group Limited (a)		-	685,000
Bank Loan – ANZ Banking Group Limited (b)		-	480,000
Bank Loan – ANZ Banking Group Limited (c)		504,000	504,000
Bank Loan - ANZ Banking Group Limited (d)		457,152	240,000
Bank Loan – Westpac Banking Corporation (e)		450,000	-
Advance from Fijian Holdings Unit Trust (f)		3,040,000	3,040,000
Advance from Fiji Television Limited (g)		750,000	750,000
Total current borrowings		9,380,603	12,403,650
Non-Current			
Bank Loan – ANZ Banking Group Limited (b)		-	2,120,000
Bank Loan – ANZ Banking Group Limited (c)		3,068,000	3,572,000
Bank Loan – ANZ Banking Group Limited (d)		4,058,046	1,414,415
Bank Loan – Westpac Banking Corporation (e)		1,289,779	-
Total non-current secured borrowings	$	8,415,825	7,106,415

Reconciliation of movement of liabilities to cash flows from financing activities

	Borrowings $	Lease liabilities $	Total $
Balance at 1 July 2017	12,805,415	3,559,860	16,365,275
Changes from financing cash flows			
Repayment of borrowings	(3,789,000)	-	(3,789,000)
Proceeds from borrowings	4,600,562	-	4,600,562
Payment of lease liabilities	-	(402,216)	(402,216)
Total changes from financing cash flows	**13,616,977**	**3,157,644**	**16,774,621**
Other changes – Liability related			
Interest expense	559,231	168,860	728,091
Interest paid	(559,231)	(168,860)	(728,091)
Total liability related other changes	**-**	**-**	**-**
Balance at 30 June 2018	**13,616,977**	**3,157,644**	**16,774,621**

NOTE 17. INTEREST BEARING BORROWINGS (CONT'D)

(a) The loan had been taken for construction of RB Patel JetPoint complex and purchase of land in Nadi. The loan was subject to variable interest rate. Bank loan was payable at monthly repayments of $86,000 plus interest. The loan was fully repaid during the year.

(b) The loan had been taken for construction of RB Patel HarbourPoint complex in Lami. The loan was subject to variable interest rate. Bank loan was payable at monthly repayments of $40,000 plus interest. The loan was fully repaid during the year.

(c) The loan has been taken for construction of Cinema Multiplex at JetPoint complex in Martintar, Nadi. The loan is subject to variable interest rate. Bank loan is payable at monthly repayments of $42,000 plus interest.

(d) The loan has been taken for construction of Carpark and Retailing complex at JetPoint complex in Martintar, Nadi. The loan is subject to variable interest rate. Bank loan is payable at monthly repayments of $38,096 plus interest.

(e) The loan has been taken for construction of Apartment complex in Clarke Street, Suva. The loan is subject to variable interest rate. Bank loan is payable at monthly repayments of $50,000 plus interest.

(f) Advance from Fijian Holdings Unit Trust, managed by fellow subsidiary company, Fijian Holdings Trust Management Limited, is subject to interest at a competitive rate, unsecured and is repayable on demand.

(g) Advance from Fiji Television Limited, a fellow subsidiary company, is subject to interest at a competitive rate, unsecured and is repayable on demand.

Particulars relating to secured borrowings:

The bank overdraft facility and bank loans (together with letter of credit and guarantee facilities) from ANZ Banking Group Limited is secured by:

1) First registered mortgage debenture given by the company over all its present and future assets and undertakings and its uncalled and unpaid capital, stamped to $20 million.

ii) First registered mortgage over properties (CT No. 23400) situated at corner of Dovi Road and Ratu Mara Road, Laucala Beach Estate, Nasinu, (CT No. 7082) situated at Martintar, Nadi, (CT No. 34330) situated at Tavewa Avenue, Lautoka, (CL No. 53120) situated at Tavewa Avenue, Lautoka and (CT No. 39150) situated at Queens Road, Lami.

iii) A Deed of Pari Passu between the ANZ Banking Group Limited, Westpac Banking Corporation and the company, regarding sharing of securities in the ratio 50/50 with maximum debt of $6 million each.

iv) Deed of Variation of Pari Passu between the ANZ Banking Group Limited, Westpac Banking Corporation and the company, increasing maximum debt to $6 million each.

The bank overdraft facility and bank loan (together with letter of credit and guarantee facilities) from Westpac Banking Corporation is secured by:

i) Registered equitable mortgage debenture given by the company over all its assets and undertakings including its uncalled and called but unpaid capital.

NOTE 17. INTEREST BEARING BORROWINGS (CONT'D)

ii) A Deed of Pari Passu between Westpac Banking Corporation, ANZ Banking Group Limited and the company, regarding sharing of securities in the ratio 50/50 with maximum debt of $7 million each.

iii) Registered first mortgage over properties (CL No. 2843) situated at the corner of Kings & Adi Davila Roads, Nakasi, Nausori, (CL No. 4825) situated at Clarke Street, Suva and (NL No. 15761) situated at Nasekula Road, Labasa.

The company did not have any defaults of principal or interest or other breaches with respect to its borrowings during the years ended 30 June 2018 and 2017.

NOTE 18. PROVISIONS		**2018**	**2017**
Employee benefits	$	61,719	33,246
NOTE 19. DEPOSITS			
Deposits from tenants		277,498	275,092
NOTE 20. SHARE CAPITAL			
Issued and paid up capital			
30,000,000 ordinary shares		15,000,000	15,000,000

Fully paid ordinary shares carry one vote per share and carry the right to dividends. There has been no movement in share capital during the year.

NOTE 21. DIVIDENDS PAID, DECLARED OR PROPOSED

Interim dividend paid - 5 cents per share (2017: 5 cents)		1,500,000	1,500,000
Final interim dividend – proposed - 12 cents per share (2017: declared - 11 cents)		3,600,000	3,300,000
	$	5,100,000	4,800,000
Dividends per share		17 cents	16 cents

NOTE 22. EARNINGS PER SHARE

Basic and Diluted Earnings Per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Operating profit after tax attributable to members	9,662,522	8,481,833
Weighted average number of ordinary shares for the purposes of basic earnings per share	30,000,000	30,000,000
Basic and diluted earnings per share	32 cents	28 cents

NOTE 23. COMMITMENTS

(a) Capital Expenditure Commitments

Capital expenditure commitment is in respect to the construction of the Carpark and Retailing Complex in Martintar, Nadi and construction of residential apartments in Clarke Street, Suva.

		2018	2017
Approved by the board and committed	$	15,407,213	5,636,644

(b) Operating Lease Expenses

The company has classified the short term leases as operating leases because they do not transfer substantially all risks and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date:

Non-cancellable operating lease payables

Not later than one year	184,000	955,996
Two to three years	-	870,996
Three to four years	-	658,998
Four to five years	-	105,415
Total undiscounted lease payments	184,000	2,591,406

(c) Management Fees

The management fees is payable to FHL Retailing Limited (holding company), pursuant to Management Agreement dated 10 June 1999 and was for an initial period of 15 years effective from 1 April 1999 with option to renew for another 15 years. Upon expiry of the initial term of the management agreement in April 2015, the company renewed the management agreement for a further 15 years. The basis for computation of management fees has been disclosed under note 26 (e).

(d) Operating Lease Income

Operating lease income relates to rental income from building spaces rented out.

Non-cancellable operating lease receivables

Not later than one year	3,067,018	3,122,686
Later than one year but not later than five years	4,103,895	5,938,205
Later than five years	2,371,276	3,769,109
Total future rental income	9,542,189	12,830,000

NOTE 24. CONTINGENCIES

Contingent Liabilities

Letters of credit		299,567	6,358
Indemnity guarantees		111,578	111,578
Total contingent liabilities	$	411,145	117,936

NOTE 25. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

		2018	2017
Cash on hand and at bank	$	294,077	173,474
Bank overdraft		(4,179,451)	(6,704,650)
Total cash and cash equivalents		(3,885,374)	(6,531,176)

(b) Financing Facilities

Fully committed bank overdraft financing facilities available to the company at year end were as follows:

		2018	2017
• Bank overdraft – utilised		4,179,451	6,704,650
• Bank overdraft – unutilised		7,622,549	5,097,350
	$	11,802,000	11,802,000

NOTE 26. RELATED PARTY DISCLOSURES

(a) Holding company and Ultimate Holding company

The holding company is FHL Retailing Limited, a company incorporated in Fiji.

The ultimate holding company is Fijian Holdings Limited, a company incorporated in Fiji and listed on the South Pacific Stock Exchange.

(b) Directors

The names of persons who were directors of the company at any time during the year are as follows:

Iowane Naiveli – Chairman
Nouzab Fareed
Malakai Naiyaga
Surendra K Patel
Kaliopate Tavola
Litiana Loabuka

(c) Amounts due to and Receivable from Related Parties

Appropriate disclosure of these amounts is contained in the respective notes to the financial statements.

(d) Transactions with Related Parties

Significant transactions (transaction value of over $25,000) with related parties during the year ended 30 June 2018 and 2017 with approximate transaction values are summarized as follows:

NOTE 26. RELATED PARTY DISCLOSURES (CONT'D)

(d) Transactions with Related Parties (Cont'd)

Related Party	Relationship	Nature of transaction	2018 ($)	2017 ($)
FHL Retailing Limited	Holding company	Management fees	4,435,917	4,359,448
Fijian Holdings Unit Trust	Unit Fund managed by fellow subsidiary company, Fijian Holdings Trust Management Limited	Interest expense	97,655	106,400
Fiji Television Limited	Fellow subsidiary	Advertising expense	90,262	71,560
Basic Industries Limited	Fellow subsidiary	Purchase of materials	1,295,460	528,176
Basic Industries Limited	Fellow subsidiary	Sales	142,555	-
Merchant Finance Limited	Fellow subsidiary	Term deposit	200,000	-
Marsh Limited	Shareholder Related Entity	Gross insurance premium	391,018	387,178
Life Cinema Limited	Fellow subsidiary	Rent income	276,000	276,000
Life Cinema Limited	Fellow subsidiary	Sales	321,126	126,536
Life Cinema Limited	Fellow subsidiary	Administration fee	48,000	24,000
Life Cinema Limited	Fellow subsidiary	Interest income	36,000	24,010
Life Cinema Limited	Fellow subsidiary	Advances given	-	2,400,000
Life Cinema Limited	Fellow subsidiary	Advances repaid	631,281	1,500,000

In addition, during the year, the company had paid and recharged expenses in relation to purchase of equipment, administration and operating expenses for Life Cinema Limited amounting to $nil (2017: $3,791,197).

(e) Management Fees

Management fees expense of $4,435,917 (2017: $4,359,448) was incurred for the year and was paid /payable to FHL Retailing Limited. The management fees is payable pursuant to Management Agreement dated 10 June 1999. Upon expiry of the initial term of the management agreement in April 2015, the company renewed the management agreement for a further 15 years.

The Management Agreement provides for management fees based on turnover of the company and incentive fees based on the level of profit before income tax. FHL Retailing Limited has engaged Tui Management Consulting LP of New Zealand (a firm owned by director Surendra Patel and other RB Patel family members) for the provision of consultancy services in relation to daily operation of RB Patel Group Limited.

(f) Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

NOTE 26. RELATED PARTY DISCLOSURES (CONT'D)

(f) Key Management Personnel (Cont'd)

During the year, Chief Operating Officer, General Manager, Group Purchasing Officer and Financial Controller were identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling the activities of the company.

The remuneration of the key management personnel during the year was as follows:

	2018 ($)	2017 ($)
Salaries and other benefits	474,623	475,396

Furthermore, management fees was paid for the management services obtained during the year (refer note 26 (e)). FHL Retailing Limited has engaged Tui Management Consulting LP of New Zealand (a firm owned by director Surendra Patel and other RB Patel family members) for the provision of consultancy services in relation to daily operation of RB Patel Group Limited.

(g) Key Management Personnel Equity Holdings

Fully paid ordinary shares of RB Patel Group Limited

Direct interest in the share capital of the company by the key management personnel and executive directors is $Nil (2017: $Nil).

Directors Fees

Directors fees of $50,000 (2017: $28,000) was paid to the non-executive directors.

NOTE 27. SEGMENT INFORMATION

	Supermarket ($)	Rental ($)	Total ($)
30 June 2018			
Sales and other revenue	121,769,674	3,077,866	124,847,540
Segment results	7,767,435	2,924,805	10,692,240
Gain on disposal of assets	55,042	-	55,042
Profit before income tax			10,747,282
Income tax expense			(1,084,760)
Profit after income tax			9,662,522
Assets			
Segment non-current assets	26,201,239	32,624,968	58,826,207
Other non–current assets			1,081,837
Total non-current assets			59,908,044

NOTE 27. SEGMENT INFORMATION (CONT'D)

	Supermarket ($)	Rental ($)	Total ($)
30 June 2017			
Sales and other revenue	119,926,318	2,929,001	122,855,319
Segment results	7,664,884	1,694,563	9,359,447
Gain on disposal of assets	79,740	-	79,740
Profit before income tax			9,439,187
Income tax expense			(957,354)
Profit after income tax			8,481,833
Assets			
Segment non-current assets	23,477,156	25,934,485	49,411,641
Other non–current assets			1,098,293
Total non-current assets			50,509,934

Segment Assets and Liabilities

Current assets and current and non-current liabilities cannot be reasonably allocated between operating segments. Accordingly, this information has not been provided under segment information. Non-current assets noted above under 'Rental' are those stated as Investment Properties in Note 14 and relate to buildings that are exclusively rented to third parties. Properties where supermarkets are operated together with part of the buildings rented to third parties have not been able to be reasonably allocated between operating segments. Accordingly, this information has not been provided under segment information.

NOTE 28. EVENTS SUBSEQUENT TO BALANCE DATE

No matter or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

NOTE 29. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 15 August 2018.

1. Shareholding:

a. As at 30 June 2018, directors held direct interest of 155 shares and indirect interest of 7,650 shares of the company.

b. Distribution of shareholding:

Holding	**No. of Holders**	**Total % Holding**
0 - 500 shares	56	0.06%
501 to 5,000 shares	167	1.20%
5,001 to 10,000 shares	33	0.96%
10,001 to 20,000 shares	13	0.61%
20,001 to 30,000 shares	7	0.61%
30,001 to 40,000 shares	-	-
40,001 to 50,000 shares	2	0.33%
50,001 to 100,000 shares	4	1.03%
100,001 to 1,000,000 shares	8	10.64%
Over 1,000,000 shares	5	84.56%
Total	**295**	**100%**

c. Top 20 shareholders

Name	**No. of shares**
1. FHL Retailing Limited	15,223,796
2. iTaukei Trust Fund Board	4,000,000
3. Fiji National Provident Fund	2,847,835
4. BSP Life (Fiji) Limited	2,164,681
5. Unit Trust of Fiji (Trustee Co) Limited	1,130,435
6. FHL Trustees Limited ATF Fijian Holdings Unit Trust	964,411
7. FHL Media Limited	895,801
8. Kirit Patel	400,000
9. Mahendra Patel	220,000
10. Kishori Patel	200,000
11. Kanu Patel	200,000
12. Vinod Patel	200,000
13. J.P Bayly Trust	110,665
14. Moala Tikina Council	100,000
15. Chiman Bhai F/N Hirabhai Patel	96,500
16. FijiCare Insurance Limited	62,500
17. Pushpa Wati Kapadia	51,357
18. Punja & Sons Limited	50,000
19. Vikram Patel	50,000
20. Radike Qereqeretabua OF	30,000
21. Tappoo Limited	30,000

2. Share Price details:

Highest share price during year was $4.85.
Lowest share price during year was $3.29.
Share price at year end was $4.85.

3. Attendance at Board Meetings:

Name	No of Meeting	No Attended
Surendra K Patel	5	5
Iowane Naiveli	5	5
Nouzab Fareed	5	5
Malakai Naiyaga	5	4
Kaliopate Tavola	5	4
Litiana Loabuka	5	5

4. Attendance at Subcommittee Meetings

Name	No of Meetings	No Attended
Audit & Risk Committee		
Malakai Naiyaga (Chairperson)	2	2
Nouzab Fareed	2	2
Saleshni Prasad	2	2
Human Relations Committee		
Litiana Loabuka (Chairperson)	1	1
Kaliopate Tavola	1	1
Abilash Ram	1	1

5. Share Register

Central Share Registry Limited
Level 2, Plaza 1
FNPF Boulevard
33 Ellery Street
Suva

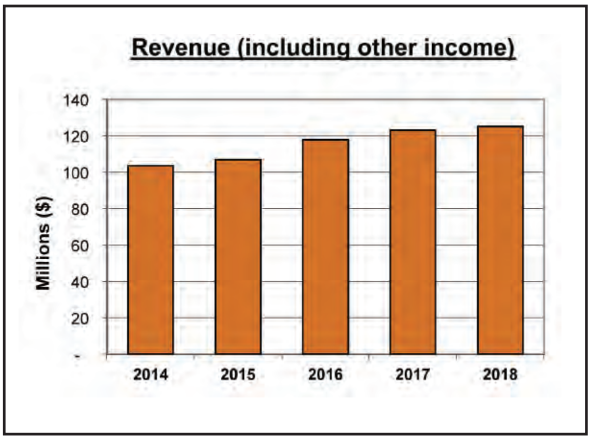
ADDITIONAL INFORMATION – SPSE LISTING RULES INFORMATION

(NOT INCLUDED ELSEWHERE IN THE ANNUAL REPORT)

	2018 $	2017 $	2016 (Restated) $	2015 $	2014 $
Revenue – Sales and Other Income	124,847,540	122,855,319	117,672,362	107,449,038	103,706,632
Profit before Depreciation and Tax	12,336,046	10,471,282	9,360,090	7,661,874	7,014,308
Depreciation	1,588,764	1,032,095	1,150,457	1,079,829	1,095,182
Income Tax Expense / (Benefit)	1,084,760	957,354	858,479	662,726	(8,426)
Profit after Tax	9,662,522	8,481,833	7,351,154	5,919,319	5,927,552
Earnings per Share	0.32	0.28	0.25	0.20	0.20
Dividends per Share (including proposed dividends for year ended 30 June 2017)	0.17	0.16	0.15	0.14	0.14
Total Liabilities	35,510,294	31,583,952	31,410,290	28,462,184	28,148,877
Total Assets	78,298,627	69,959,763	66,104,268	55,359,143	53,326,517
Net Asset backing per Share	1.43	1.28	1.16	0.90	0.84
Shareholders' Equity	42,788,333	38,375,811	34,693,978	26,896,959	25,177,640

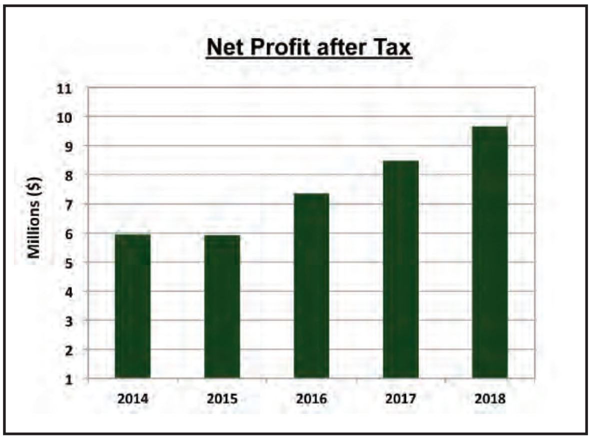
GRAPHICAL ANALYSIS OF FINANCIAL DATA

Revenue:
Comparison of revenue including other income

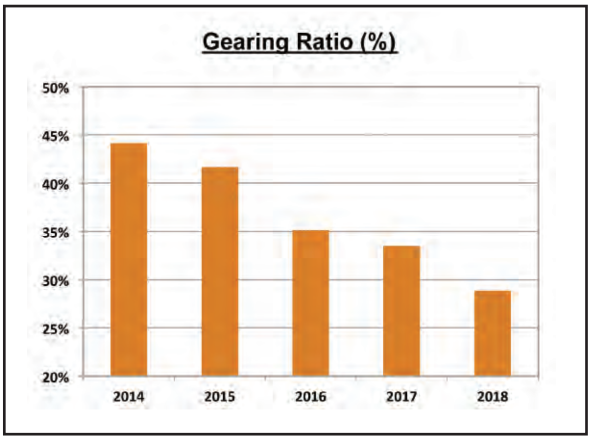


Earnings per share
The trend for the company's Profit after tax divided by the total number of shares.

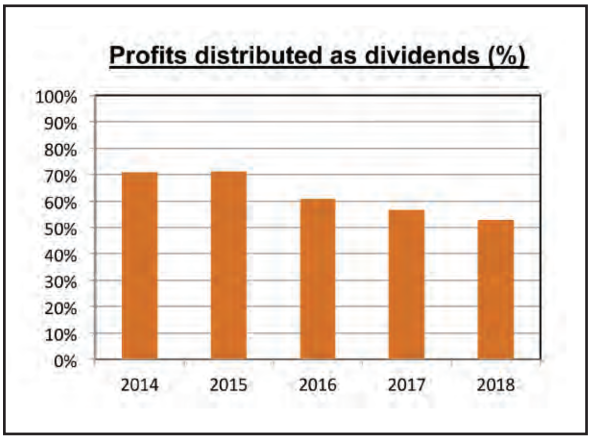
Profit after Tax
The trend in Profit after tax.



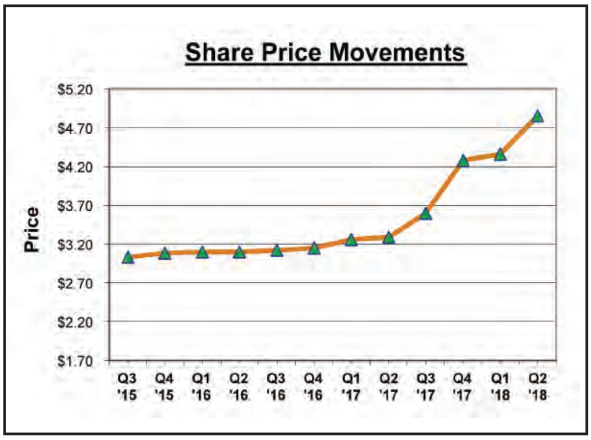
Gearing Ratio
Company's total borrowing as a percentage of shareholders equity indicating its ability to continue as a going concern and provide returns to shareholders while maintaining an optimal capital structure.



Percentage of Profits Distributed as Dividend
The trend for percentage of profit distributed as dividends.



Share price movements
Company's quarterly share price on the SPSE from 2014-2018.



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