

RB PATEL GROUP LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the statement of financial position of RB Patel Group Limited (the company) as at 30 June 2021, 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:

Yogesh J Karan - Chairman
Abilash Ram
Michael Nacola

Surendra Kumar Patel
Kavin Rathod
Sereana Matakibau

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 ten supermarket stores throughout the country.

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

Results

The results for the year are as follows:

	<u>2021</u>	<u>2020</u>
Profit from operations	\$ 12,307,923	11,877,466
Finance income	63,627	202,182
Finance costs	(1,161,753)	(1,351,567)
Impairment loss on advances to related party (note 10)	(1,723,691)	-
	<hr/>	<hr/>
Profit before income tax	9,486,106	10,728,081
Income tax expense	(915,224)	(1,047,536)
	<hr/>	<hr/>
Profit for the year	\$ 8,570,882	9,680,545

Dividends

During the year, the company declared and paid dividends of \$4,200,000 (2020: \$2,100,000).

Basis of Accounting - Going Concern

The financial statements 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 the financial statements as they believe with the plans and strategies put in place by the company together with the ongoing support of the shareholders and lenders, the company will generate and maintain required funding for its operations and meet its liabilities and commitments as and when they fall due over the next twelve months. Accordingly, directors believe that the classification and carrying amounts of the assets and liabilities as stated in the financial statements to be appropriate.

DIRECTORS' REPORT [CONT'D]**Bad Debts and Allowance for Impairment Loss**

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, other than the impact on the business activities resulting from novel coronavirus outbreak, 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.

Significant Events During the Year**The COVID-19 Global Pandemic**

Since the initial declaration of the pandemic in early 2020, Fiji and many countries including our trading partners have experienced significant challenges. The initial impact of the pandemic was felt mainly in the tourism industry and the many related businesses that were connected to the industry. The virus had been contained until April 2021 when the delta strain of the virus was detected and started to rapidly spread in the community. This wave of the virus has had a severe impact on the internal economic activities due to restrictions on movement of people and closure of many businesses on Viti Levu especially in the Lami to Nausori containment zone.

The supermarket industry, which is classified as an essential service, has continued to trade albeit with the required COVID-19 safety protocols of the Ministry of Health. General business activity has deteriorated particularly in the Western Division of Viti Levu, and has also resulted in a decrease in rental revenues due to rebates provided to tenants. This has impacted the results for the financial year.

DIRECTORS' REPORT [CONT'D]**Events Subsequent to Balance Date**

Except for the continuing impact of COVID 19 pandemic into 2021/2022 financial year, no other matters or circumstance have arisen since the end of the financial year which would require adjustment 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.

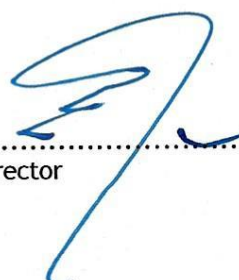
Directors' Benefits

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 28th day of September 2021.


.....
Director


.....
Director

DIRECTORS' DECLARATION

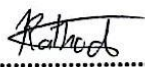
The declaration by directors is required by the Companies Act, 2015.

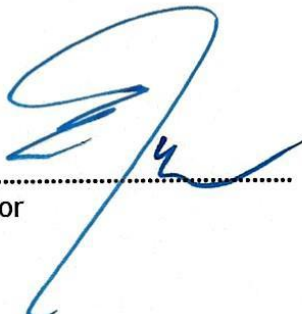
The directors of the company have made a resolution that declares:

- a) In the opinion of the directors, the financial statements of the company for the financial year ended 30 June 2021:
 - 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 2021 and of the performance and cash flows of the company for the year ended 30 June 2021; 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 28th day of September 2021.


.....
Director


.....
Director

RB PATEL GROUP LIMITED

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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 2021, 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

28 September 2021

INDEPENDENT AUDITOR'S REPORT

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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 2021, 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 2021, 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.

Emphasis of Matter

We draw attention to Note 14(a) of the financial statements on Investment Properties. This provides the details of valuation approach adopted by the independent valuer for the fair value assessment of investment properties of the company as at 30 June 2021, his valuation inputs and the internal assessment carried out by the management and directors considering the material valuation uncertainty arising from the current pandemic for the valuation assessments. Our opinion is not modified in respect of this matter.

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
Fair Value Assessment of Investment Properties (\$53,736,429)	
Refer to Note 14 to the Financial Statements.	
Fair value assessment of investment properties is considered to be a key audit matter due to:	Our audit procedures included:
<ul style="list-style-type: none">The significance of the investment properties to the financial statements of the company.Material valuation uncertainties involved in ascertaining the fair market values of properties as a result of current pandemic situation and economic conditions.	<ul style="list-style-type: none">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.

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

Key Audit Matters (Cont'd)

Key audit matter (cont'd)	How our audit addressed the matter (cont'd)
<ul style="list-style-type: none"> The nature of the properties which requires judgements in assessing the appropriateness of the valuation methodology and inputs. The company has appointed external valuer to assist in this process. The low volume of comparable market transactions for properties available to corroborate valuation inputs and assumptions such as rentals, yields, capitalization rates and discount rates. 	<ul style="list-style-type: none"> 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. Independently assessing the key inputs adopted by the valuer to available market transactions for similar properties and other comparable property classes. Reviewing directors' and management's internal analysis and assessments done and conclusions made based on independent valuation reports. Evaluating the material valuation uncertainties involved in ascertaining the fair market values of properties as a result of current pandemic situation and economic conditions. Assessing the appropriateness of the disclosures included in Notes 14 to the financial statements.

Other Information

The management and directors are responsible for the other information. The other information comprises of the information included in the directors' report and Annual Report but does not include the financial statements and the auditor's report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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. We have nothing to report from our reading of directors' report. When we read the annual report, if we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the Management and Those Charged with Governance 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.

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

To the Shareholders of RB Patel Group Limited (Cont'd)**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.
- 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance 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 those charged with governance, 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
CHARTERED ACCOUNTANTS



Wathsala Suraweera
Partner
Suva, Fiji
28 September 2021

RB PATEL GROUP LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
FOR THE YEAR ENDED 30 JUNE 2021

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	<u>Note</u>	<u>2021</u>	<u>2020</u>
Revenue		\$ 132,525,631	135,770,964
Cost of sales		(104,961,359)	(108,537,482)
Gross profit		27,564,272	27,233,482
Other income	6	2,973,743	3,835,500
		30,538,015	31,068,982
Operating expenses		(17,720,757)	(18,546,762)
Impairment loss on trade and other receivables		(4,030)	(129,141)
Selling and marketing expenses		(505,305)	(515,613)
Profit from operations		12,307,923	11,877,466
Finance income	7(a)	63,627	202,182
Finance costs	7(b)	(1,161,753)	(1,351,567)
Impairment loss on advance to related party	10	(1,723,691)	-
Profit before income tax	8	9,486,106	10,728,081
Income tax expense	9(a)	(915,224)	(1,047,536)
Profit for the year		8,570,882	9,680,545
Other comprehensive income		-	-
Total comprehensive income for the year		\$ 8,570,882	9,680,545
Basic & diluted earnings per share	22	5.7 cents	6.5 cents
Dividends per share	21	2.8 cents	1.4 cents

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

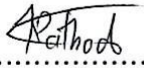
RB PATEL GROUP LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

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	Note	2021	2020
CURRENT ASSETS			
Cash on hand and at bank		\$ 385,643	257,845
Trade and other receivables	10	2,342,338	2,308,005
Inventories	11	13,439,144	14,324,716
Other investments	12(a)	222,505	-
Total current assets		16,389,630	16,890,566
NON-CURRENT ASSETS			
Other investments	12(a)	558,639	772,417
Equity investments	12(b)	145,000	145,000
Property, plant and equipment	13	23,395,195	23,287,427
Investment properties	14	53,736,429	47,050,854
Right-of-use asset	15	3,232,441	4,114,052
Deferred tax assets	9(c)	70,220	55,215
Advances	10	585,000	2,426,392
Total non-current assets		81,722,924	77,851,357
TOTAL ASSETS		98,112,554	94,741,923
CURRENT LIABILITIES			
Trade and other payables	16	11,778,021	11,048,975
Lease liability	15	751,925	920,065
Interest bearing borrowings	17	7,504,691	6,993,174
Current tax liability	9(b)	99,394	44,165
Provisions	18	107,333	86,243
Total current liabilities		20,241,364	19,092,622
NON-CURRENT LIABILITIES			
Interest bearing borrowings	17	15,891,686	17,637,688
Lease liability	15	2,747,317	3,402,026
Deposits	19	327,915	281,546
Deferred tax liabilities	9(d)	3,384,410	3,179,061
Total non-current liabilities		22,351,328	24,500,321
TOTAL LIABILITIES		42,592,692	43,592,943
NET ASSETS		55,519,862	51,148,980
SHAREHOLDERS' EQUITY			
Share capital	20	15,000,000	15,000,000
Investment revaluation reserve		51,230	51,230
Retained earnings		40,468,632	36,097,750
TOTAL SHAREHOLDERS' EQUITY		\$ 55,519,862	51,148,980

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

RB PATEL GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

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	Share Capital (\$)	Investment Revaluation Reserve (\$)	Retained Earnings (\$)	Proposed Dividends (\$)	Total (\$)
Balance at 1 July 2019	15,000,000	51,230	28,517,205	3,900,000	47,468,435
Total comprehensive income					
Profit for the year	-	-	9,680,545	-	9,680,545
Total comprehensive income	-	-	9,680,545	-	9,680,545
Transactions with owners of the company					
Dividends paid (note 21)	-	-	(2,100,000)	(3,900,000)	(6,000,000)
Total transactions with owners of the company	-	-	(2,100,000)	(3,900,000)	(6,000,000)
Balance at 30 June 2020	15,000,000	51,230	36,097,750	-	51,148,980
Total comprehensive income					
Profit for the year	-	-	8,570,882	-	8,570,882
Total comprehensive income	-	-	8,570,882	-	8,570,882
Transactions with owners of the company					
Dividends paid (note 21)	-	-	(4,200,000)	-	(4,200,000)
Total transactions with owners of the company	-	-	(4,200,000)	-	(4,200,000)
Balance at 30 June 2021	15,000,000	51,230	40,468,632	-	55,519,862

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

RB PATEL GROUP LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

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	<u>Note</u>	<u>2021</u>	<u>2020</u>
Cash flows from operating activities			
Receipts from customers	\$	135,152,464	139,385,374
Payments to suppliers and employees		(119,357,152)	(123,357,406)
Cash generated from operations		15,795,312	16,027,968
Interest and other costs of finance paid, net		(1,121,054)	(1,229,135)
Insurance proceeds received		-	28,855
Income tax paid		(669,651)	(801,615)
Net cash provided by operating activities		14,004,607	14,026,073
Cash flows from investing activities			
Payment for property, plant and equipment and investment properties		(7,775,215)	(8,114,174)
Proceeds from sale of property, plant and equipment		11,284	34,313
Dividends received		1,650	2,850
Payment for other investment		(758,577)	(300,000)
Proceed from other investment		758,577	1,000,000
Advances to related party		(75,000)	(450,000)
Repayment of advances by related parties		200,000	-
Net cash used in investing activities		(7,637,281)	(7,827,011)
Cash flows from financing activities			
Advances from related party		-	1,000,000
Proceeds from borrowings		3,321,920	6,117,996
Repayment of borrowings		(3,735,922)	(1,662,149)
Payment for lease liability		(805,043)	(804,460)
Dividends paid		(4,200,000)	(6,000,000)
Net cash used in financing activities		(5,419,045)	(1,348,613)
Net increase in cash and cash equivalents		948,281	4,850,449
Cash and cash equivalents at the beginning of the financial year		(3,557,329)	(8,407,778)
Cash and cash equivalents at the end of the financial year	25(a) \$	<u>(2,609,048)</u>	<u>(3,557,329)</u>

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 ten supermarket stores throughout the country.

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

i) New standards, interpretations and amendments effective during the year

New and amended standards that have been adopted in the annual financial statements for the year ended 30 June 2021, but have not had a significant effect on the company are:

- Amendments to IFRS 9 and IAS 39.
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment - Disclosure Initiative - Definition of Material); and
- Revisions to the Conceptual Framework for Financial Reporting.

ii) New standards, interpretations and amendments not yet effective

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

The company is currently assessing the impact of these new accounting standards and amendments. The company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the company.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the company are stated to assist in a general understanding of these financial statements. The accounting policies adopted are consistent with those of the previous year except as stated otherwise.

(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. 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.

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

(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.

Subsequent to initial recognition, 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.

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.

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.

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.

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

(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. 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.

(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.

(ii) Classification and subsequent measurement

Financial assets

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.

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

(e) Financial Instruments (Cont'd)

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

Financial assets: Reclassifications

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

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.

(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)(ii))) and a new financial asset is recognised at fair value.

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)).

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

(e) Financial Instruments (Cont'd)

(v) Offsetting

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

(f) Impairment of Financial Instruments

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.

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.

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

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

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.

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.

(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.

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.

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

(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.

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.

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

(m) Income Tax (Cont'd)

Deferred Tax (Cont'd)

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.

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.

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

(p) Leases

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. 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.

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

(p) Leases (Cont'd)

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).

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.

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

(p) Leases (Cont'd)

Policy applicable as a lessor (Cont'd)

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'.

(q) Revenue

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.

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

(q) Revenue (Cont'd)

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.

(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.

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

(u) Finance Income and Finance Costs (Cont'd)

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.

(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.

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

(w) Segment Reporting (Cont'd)

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.

NOTE 4. RISK MANAGEMENT

4.1 Financial risk factors (cont'd)

(a) Market risk (cont'd)

(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	
	2021	2020
	F\$	F\$
US Dollars	1,568,331	816,737
NZ Dollars	150,380	312,721

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.

(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 2021 and 2020 are summarized below:

Financial Instruments	Less than 1 year (\$)	1 year and over (\$)	Total (\$)
At 30 June 2021			
Financial liabilities:			
Bank overdraft	2,994,691	-	2,994,691
Bank loans	2,760,000	15,891,686	18,651,686
Advances	1,750,000	-	1,750,000
Total financial liabilities	7,504,691	15,891,686	23,396,377
At 30 June 2020			
Financial liabilities:			
Bank overdraft	3,815,174	-	3,815,174
Bank loans	1,428,000	17,637,688	19,065,688
Advances	1,750,000	-	1,750,000
Total financial liabilities	6,993,174	17,637,688	24,630,862

NOTE 4. RISK MANAGEMENT

4.1 Financial risk factors (cont'd)

(b) Credit risk

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

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.

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

	2021	2020
Impairment loss on trade and other receivables	\$ 4,030	129,141

Trade and other receivables

Expected credit loss assessment for trade and other receivables as at 30 June 2021

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 and rent receivables from individual customers as at 30 June 2021:

	Weighted- average loss rate	Gross Carrying amount (\$)	Loss allowance (\$)	Credit Impaired
30 June 2021				
Current (not past due)	0.00%	569,308	-	No
30 days past due	0.00%	322,023	-	Yes
60 days past due	0.00%	274,398	-	Yes
More than 90 days past due	86.37%	303,227	261,889	Yes
		1,468,956	261,889	

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.

NOTE 4. RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (cont'd)

(b) Credit risk (cont'd)

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.

		2021	2020
Balance at 1 July	\$	257,859	128,718
Net remeasurement of loss allowance		4,030	129,141
Balance at 30 June	\$	261,889	257,859

Cash on hand and at bank

The company held cash of \$385,643 at 30 June 2021 (2020: \$257,845). 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.

(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.

Financial Liabilities	Less than 1 year (\$)	Between 1 and 2 years (\$)	Between 3 and 5 years (\$)	Over 5 Years (\$)	Total (\$)
At 30 June 2021					
Bank loans	3,542,169	3,677,233	6,420,549	8,208,837	21,848,788
Advances	1,750,000	-	-	-	1,750,000
Bank overdraft	2,994,691	-	-	-	2,994,691
Trade and other payables	11,778,021	-	-	-	11,778,021
Lease liability	905,120	538,659	717,318	2,983,513	5,144,610
At 30 June 2020					
Bank loans	2,260,564	2,816,026	5,520,000	12,956,399	23,552,989
Advances	1,750,000	-	-	-	1,750,000
Bank overdraft	3,815,174	-	-	-	3,815,174
Trade and other payables	11,048,975	-	-	-	11,048,975
Lease liability	1,115,579	1,070,360	702,164	3,271,278	6,159,381

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 2021							
Other Investments	781,144	781,144		781,144			
Financial Assets	145,000	145,000					145,000
Trade and other receivables	2,342,338	2,342,338	2,342,338	-	-	-	-
Cash at bank	385,643	385,643	385,643	-	-	-	-
Advances	585,000	585,000	-	-	-	585,000	-
	4,239,125	4,239,125	2,727,981	781,144		585,000	145,000
30 June 2020							
Other Investments	772,417	772,417	-	772,417	-	-	-
Financial Assets	145,000	145,000	-	-	-	-	145,000
Trade and other receivables	4,149,397	4,149,397	4,149,397	-	-	-	-
Cash at bank	257,845	257,845	257,845	-	-	-	-
Advances	585,000	585,000	-	-	-	585,000	-
	5,909,659	5,909,659	4,407,242	772,417	-	585,000	145,000

(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.

Also, the salaries and wages payable to workers are subject to the Wages Regulations 2017 and the Employment Relations Act.

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.

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.2 Capital risk management (cont'd)

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 2021 and 2020 were as follows:

	2021	2020
Total borrowings (note 17)	\$ 23,396,377	24,630,862
Less: Cash on hand and at bank	(385,643)	(257,845)
Net debt	23,010,734	24,373,017
Total equity	55,519,862	51,148,980
Total capital (Equity + Net debt)	\$ 78,530,596	75,521,997
Gearing ratio % (Net debt / Total capital)	29%	32%

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.

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 have been disclosed under the following notes to the financial statements:

- Note 3(a) - Depreciation of property, plant and equipment
- Note 3(b) - Fair value measurement of investment properties
- Note 3(d) - Provision for stock obsolescence
- Note 3(f) - Impairment of Financial Instruments
- Note 3(m) - Deferred tax liabilities

NOTE 6. OTHER INCOME

	2021	2020
Rental revenue	\$ 2,857,286	3,682,284
Gain on disposal of plant and equipment	11,282	49,137
Dividends - non related entity	1,650	2,850
Commission	1,058	16,965
Insurance claims	-	28,855
Miscellaneous income	102,467	55,409
Total other income	<u>2,973,743</u>	<u>3,835,500</u>

NOTE 7. FINANCE COST / (INCOME) - NET

(a) Finance income:		
- Interest income on deposits and advances	<u>(63,627)</u>	<u>(202,182)</u>
(b) Finance cost:		
- Bank and loan administration charges	240,839	265,250
- Interest expense - borrowings	687,769	862,855
- Interest expense - lease liability	<u>233,145</u>	<u>223,462</u>
Total finance costs	<u>1,161,753</u>	<u>1,351,567</u>

Borrowing costs amounting to \$375,854 (2020: \$422,499) 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:

Auditor's remuneration for:		
- Audit fees	44,000	50,000
- Other services	7,150	57,275
Directors fees	50,000	50,000
Management fees	<u>4,773,343</u>	<u>5,195,082</u>

NOTE 9. INCOME TAX

(a) Income Tax Expense

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

Profit before income tax	<u>9,486,106</u>	<u>10,728,081</u>
Prima facie tax thereon at 10%	948,611	1,072,808
Tax effect of permanent differences:		
Non-deductible expenses	174,156	24,967
Non-taxable income	(165)	(284)
Income tax deductions and concessions	(177,388)	(49,955)
Under provision for income tax expense in prior year	<u>(29,990)</u>	<u>-</u>
Income tax expense attributable to profit	<u>915,224</u>	<u>1,047,536</u>

Income tax expense comprises movements in:

Current tax liability	694,890	881,103
Deferred tax liabilities	205,329	187,002
Deferred tax assets	<u>15,005</u>	<u>(20,569)</u>
	<u>\$ 915,224</u>	<u>1,047,536</u>

NOTE 9. INCOME TAX (CONT'D)

	2021	2020
(b) Current Tax Asset / (Liability)		
Balance at the beginning of the year	\$ (44,165)	35,323
Income tax paid	669,651	801,615
Under/(over) provision of income tax in the prior year	(29,990)	-
Income tax liability for the current year	(694,890)	(881,103)
Balance at the end of the year	(99,394)	(44,165)

(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	33,298	20,805
Provision for employee entitlements	10,733	8,624
Allowance for impairment loss	26,189	25,786
Balance at the end of the year	70,220	55,215

(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	3,301,173	3,085,937
Capital gains tax (at the rate of 10%) on the fair value gain on equity investments	5,123	5,123
Cyclone reserve deposit	78,114	88,001
Balance at the end of the year	3,384,410	3,179,061

NOTE 10. TRADE AND OTHER RECEIVABLES

Current

Trade receivables (a)	1,157,246	1,131,285
Allowance for impairment loss	(261,889)	(257,859)
	895,357	873,426
Other receivables	573,658	428,868
Deposits	452,796	385,818
Prepayments	420,527	619,893
Total current trade and other receivables	2,342,338	2,308,005

Non - Current

Advances to Life Cinema Pte Limited (b)	1,723,691	1,841,392
Allowance for impairment loss on advances to Life Cinema Pte Limited	(1,723,691)	-
Advances to Sunergise (Fiji) Pte Limited (c)	585,000	585,000
Total non-current advances	\$ 585,000	2,426,392

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

- a) 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
- b) Advances to fellow subsidiary, Life Cinema Pte Limited (Life Cinema) amounting to \$1,723,691 (2020: \$1,841,392) is not subject to interest. Based on the current financial status together with the outlook for the foreseeable future of Life Cinema, the company has fully impaired advances to Life Cinema.
- c) Advance provided to Sunergise (Fiji) Pte 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 and variable interest rates for the term of 10 years. The advance is unsecured and the principal amount is repayable at the end of the term of 10 years in May 2024.

Ageing of past due but not impaired trade accounts receivable and rent receivables:

		2021	2020
30 - 60 days	\$	326,381	375,040
60 - 90 days		256,969	138,864
Over 90 days		35,863	96,054
Total past due unimpaired trade receivables and rent receivables		619,213	609,958

As of 30 June 2021 trade receivables of \$261,889 (2020: \$257,859) 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	257,859	128,718
Impairment loss during the year	4,030	129,141
Balance as at 30 June	261,889	257,859

NOTE 11. INVENTORIES

Finished goods	12,191,313	13,568,861
Goods in transit	1,247,831	755,855
Total inventories	13,439,144	14,324,716

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) Other Investments

Current

Cyclone reserve deposit - Merchant Finance Pte Limited (at amortised cost)	222,505	-
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Non-Current

Cyclone reserve deposit - Merchant Finance Pte Limited (at amortised cost)	558,639	772,417
	\$ 781,144	772,417

NOTE 12. FINANCIAL ASSETS (CONT'D)	2021	2020
(b) Equity Investments		
Non-Current		
Equity investments in unlisted entities - at FVOCI, net	\$ 145,000	145,000
Reconciliation for equity investments		
Opening balance	145,000	145,000
Additions	-	-
Total equity investments, net	\$ 145,000	145,000

Equity securities designated as at FVOCI

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

No strategic investments were disposed-off during 2021, 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 30 June 2019	4,895,544	1,872,797	18,245,040	8,501,141	1,873,210	371,075	35,758,807
Additions	-	-	-	381,762	119,724	661,800	1,163,286
Disposals	-	-	-	-	(47,826)	-	(47,826)
Transfer	-	-	1,027,223	-	-	(1,027,223)	-
Balance at 30 June 2020	4,895,544	1,872,797	19,272,263	8,882,903	1,945,108	5,652	36,874,267
Additions	-	-	-	269,812	25,688	794,140	1,089,640
Disposals	-	-	-	-	(47,696)	-	(47,696)
Transfer	-	-	2,670	-	-	(2,670)	-
Balance at 30 June 2021	4,895,544	1,872,797	19,274,933	9,152,715	1,923,100	797,122	37,916,211
Accumulated depreciation							
Balance at 30 June 2019	-	615,395	3,837,954	7,000,046	1,123,365	-	12,576,760
Depreciation expense	-	32,962	264,192	490,265	262,835	-	1,050,254
Disposals	-	-	-	-	(40,174)	-	(40,174)
Balance at 30 June 2020	-	648,357	4,102,146	7,490,311	1,346,026	-	13,586,840
Depreciation expense	-	32,962	276,572	415,684	256,654	-	981,872
Disposals	-	-	-	-	(47,696)	-	(47,696)
Balance at 30 June 2021	-	681,319	4,378,718	7,905,995	1,554,984	-	14,521,016
Net book value							
As at 30 June 2020	4,895,544	1,224,440	15,170,117	1,392,592	599,082	5,652	23,287,427
As at 30 June 2021	4,895,544	1,191,478	14,896,215	1,246,720	368,116	797,122	23,395,195

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 (\$)	Building (\$)	Work in Progress (\$)	Total (\$)
Gross carrying amount					
Balance at 30 June 2019	8,100,000	2,200,000	21,200,000	8,577,490	40,077,490
Additions	-	-	-	6,973,364	6,973,364
Transfers	-	-	5,171,023	(5,171,023)	-
Change in fair value	-	-	-	-	-
Balance at 30 June 2020	8,100,000	2,200,000	26,371,023	10,379,831	47,050,854
Additions	-	-	182,180	6,503,395	6,685,575
Transfers	-	-	13,841,040	(13,841,040)	-
Change in fair value	-	-	-	-	-
Balance at 30 June 2021	8,100,000	2,200,000	40,394,243	3,042,186	53,736,429

(a) Investment Property Valuations

Investment properties are stated at fair values, less any subsequent impairment losses.

An independent valuation was carried out by the registered valuer, Lomara Associates, in June 2021 for investment properties of the company to assess the fair value of investment properties held by the company. The directors' and management work closely with the external valuer to establish the appropriate valuation techniques and inputs to the valuation model. The valuation methodology adopted by the valuer was Income Approach. Valuer has used the actual rentals and current occupancy levels as base rental levels in making the valuation assessments for all the properties except for the Jet Point Stage 5 property where the construction of the property was completed towards the end of the current financial year. The company has already secured two tenants for the ground floor and is currently in the process of seeking more tenants for this property.

For Jet Point Stage 5 property, the valuer has undertaken valuation assessments under two scenarios: the first based on discounted rentals (from the undiscounted rentals taking into consideration of the current economic situation); and the second based on rental levels similar to undiscounted rentals which is based on similar rental levels received from the other Jet Point Complex on the assumption of normal market conditions (without the effect of the current pandemic). In the first assessment, valuer has used discounted rental amounts at 80% occupancy levels, and in the second assessment valuer has used undiscounted rental amounts at 85% of occupancy levels for the Jet Point Stage 5 valuation.

The capitalisation rate used by the valuer is in the range of 9.5% to 9% for the purpose of all the valuations.

Based on the independent valuation of June 2021, the fair value of the investment properties on an overall basis are not significantly different from amounts reported in books of account.

Based on the independent valuation and the internal assessment carried out by the management and directors considering the material valuation uncertainty arising from the current pandemic for the valuation assessments, the management and directors are of the view that there are no changes in the market valuation of the investment properties during the year, and the carrying values in the books of account are assessed to be fair and reasonable requiring no valuation adjustments in books for the financial year ended 30 June 2021.

(b) Security Over Investment Properties

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

(c) Capitalisation of Borrowing Costs

Borrowing costs amounting to \$375,854 (2020: \$422,499) in relation to the construction of the JetPoint Stage 5 Building and Harbour Point Stage 2 building were capitalized to investment properties during the year.

NOTE 15.	LEASES	2021	2020
(a) As a lessee			
The company leases land and building. Information about leases for which the company is a lessee is presented below:			
Right-of-use assets			
Balance at 1 July	\$	4,114,052	4,419,826
Additions		-	581,405
Re-measurement of Market Point and Sigatoka building		65,964	-
Depreciation charge for the year		(947,575)	(887,179)
Balance at 30 June		3,232,441	4,114,052
Lease liabilities			
Maturity analysis - contractual undiscounted cash flows			
Less than one year		905,120	1,115,579
One to five years		1,255,977	1,772,524
More than five years		2,983,513	3,271,278
Total undiscounted lease liabilities at 30 June		5,144,610	6,159,381
Lease liabilities included in the statement of financial position at 30 June			
Current		751,925	920,065
Non-current		2,747,317	3,402,026
		3,499,242	4,322,091
Amounts recognised in profit or loss			
Interest on lease liabilities		233,145	223,462
Variable lease payments not included in the measurement of lease liabilities		87,853	76,685
		320,998	300,147
Amounts recognised in the statement of cash flows			
Total cash outflow for leases	\$	805,043	804,460

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. The lease of land typically runs for a period of one to eighty six 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.

NOTE 15. LEASES (CONT'D)

(a) As a lessee (cont'd)

Rent concessions

Company has elected to apply the practical expedient for the financial year ended 30 June 2021 and accordingly, the rent concessions received amounting to \$83,770 as a result of COVID-19 has been recorded as negative expense under operating expenses.

(b) As a lessor

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

Operating lease	2021	2020
Lease income	\$ 2,857,286	3,682,284

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

Trade payables	7,286,228	8,196,745
Other payables (a)	4,375,824	2,796,509
VAT payable	105,039	44,791
Dividends payable	10,930	10,930
	<u>11,778,021</u>	<u>11,048,975</u>

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 \$1,534,160 (2020: \$1,878,884) payable to the holding company. Other creditors also include payables to contractors and sub-contractors in respect to the construction of buildings and capital projects.

NOTE 17. INTEREST BEARING BORROWINGS

Current

Bank overdrafts	2,994,691	3,815,174
Bank Loan - ANZ Banking Group Limited (a)	-	448,000
Bank Loan - ANZ Banking Group Limited (b)	720,000	480,000
Bank Loan - Westpac Banking Corporation (c)	600,000	500,000
Bank Loan - ANZ Banking Group Limited (d)	960,000	-
Bank Loan - ANZ Banking Group Limited (e)	480,000	-
Advance from Fiji Television Limited (f)	<u>1,750,000</u>	<u>1,750,000</u>
Total current borrowings	\$ <u>7,504,691</u>	<u>6,993,174</u>

NOTE 17. INTEREST BEARING BORROWINGS (CONT'D)

Non-Current	2021	2020
Bank Loan - ANZ Banking Group Limited (a)	\$ -	1,976,000
Bank Loan - ANZ Banking Group Limited (b)	3,494,781	4,442,857
Bank Loan - Westpac Banking Corporation (c)	2,481,671	2,729,657
Bank Loan - ANZ Banking Group Limited (d)	8,276,644	7,855,103
Bank Loan - ANZ Banking Group Limited (e)	1,638,590	634,071
Total non-current secured borrowings	\$ 15,891,686	17,637,688

Reconciliation of movement of liabilities to cash flows from financing activities

	Borrowings (\$)	Lease liabilities (\$)	Total (\$)
Balance at 1 July 2020	20,815,688	4,322,091	25,137,779
Additions to lease liability	-	65,964	65,964
Changes from financing cash flows			
Repayment of borrowings	(3,735,922)	-	(3,735,922)
Proceeds from borrowings	3,321,920	-	3,321,920
Rent concession	-	(83,770)	(83,770)
Payment of lease liabilities	-	(805,043)	(805,043)
Total changes from financing cash flows	20,401,686	3,499,242	23,900,928
Other changes - Liability related			
Interest expense	546,382	233,145	779,527
Interest paid	(546,382)	(233,145)	(779,527)
Total liability related other changes	-	-	-
Balance at 30 June 2021	20,401,686	3,499,242	23,900,928

- (a) The loan has been taken for construction of Cinema Multiplex at JetPoint complex in Martintar, Nadi. The loan was subject to variable interest rate. Bank loan was payable at monthly repayments of \$56,000 plus interest. During the year, the company has fully repaid this loan.
- (b) 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 \$60,000 plus interest.
- (c) 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.
- (d) The loan has been taken for construction of a three level building at JetPoint complex in Martintar, Nadi. The loan is subject to variable interest rates. Bank loan is payable at monthly repayments of \$80,000 plus interest. Repayments are expected to commence upon completion of the building in late 2021.
- (e) The loan has been taken for construction of a two level building at HarbourPoint complex in Lami. The loan is subject to variable interest rates. Bank loan is payable at monthly repayments of \$60,000 plus interest. Repayments are expected to commence upon completion of the building in late 2021.
- (f) Advance from Fiji Television Limited, a fellow subsidiary company, is subject to interest at a competitive rate, unsecured and is repayable on demand.

NOTE 17. INTEREST BEARING BORROWINGS (CONT'D)

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:

- i) Registered first mortgage debenture given by the company over all its present and future assets and undertakings and its uncalled and unpaid capital, stamped to \$31.027 million.
- ii) Registered first 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 \$5 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.
- 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 2021 and 2020.

NOTE 18. PROVISIONS

	<u>2021</u>	<u>2020</u>
Employee benefits	\$ 107,333	86,243

NOTE 19. DEPOSITS

Deposits from tenants	<u>327,915</u>	<u>281,546</u>
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NOTE 20. SHARE CAPITAL

Issued and paid up capital		
150,000,000 (2020: 150,000,000) 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	2021	2020
Interim dividend paid -1.5 cents per share (2020: 1.4 cents)	\$ 2,250,000	2,100,000
Final interim dividend - 1.3 cents per share (2020: \$Nil per share)	1,950,000	-
	<u>4,200,000</u>	<u>2,100,000</u>
Dividends per share	<u>2.8 cents</u>	<u>1.4 cents</u>

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	8,570,882	9,680,545
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>150,000,000</u>	<u>150,000,000</u>
Basic and diluted earnings per share	<u>5.7 cents</u>	<u>6.5 cents</u>

NOTE 23. COMMITMENTS

(a) Capital Expenditure Commitments

Capital expenditure commitment is in respect to construction of two level building at Harbour Point complex in Lami.

Approved by the board and committed	\$ <u>3,494,279</u>	<u>7,601,060</u>
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(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.

(c) Management Fees

The management fees is payable to FHL Retailing Pte 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).

NOTE 23. COMMITMENTS (CONT'D)

(d) Operating Lease Income

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

	2021	2020
Non-cancellable operating lease receivables		
Not later than one year	\$ 3,896,332	4,100,020
Later than one year but not later than five years	5,982,249	6,650,997
Later than five years	3,391,820	1,577,040
Total future rental income	13,270,401	12,328,057

NOTE 24. CONTINGENCIES

Contingent Liabilities

Letters of credit	294,793	315,925
Indemnity guarantees	129,863	131,006
Total contingent liabilities	424,656	446,931

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:

Cash on hand and at bank	385,643	257,845
Bank overdraft	(2,994,691)	(3,815,174)
Total cash and cash equivalents	(2,609,048)	(3,557,329)

(b) Financing Facilities

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

• Bank overdraft - utilised	2,994,691	3,815,174
• Bank overdraft - unutilised	8,807,309	7,986,826
\$	11,802,000	11,802,000

NOTE 26. RELATED PARTY DISCLOSURES

(a) Holding company and Ultimate Holding company

The holding company is FHL Retailing Pte 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 (SPX).

NOTE 26. RELATED PARTY DISCLOSURES (CONT'D)

(b) Directors

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

Yogesh J Karan - Chairman
 Abilash Ram
 Surendra K Patel
 Kavin Rathod
 Michael Nacola
 Sereana Matakibau

(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 2021 and 2020 with approximate transaction values are summarized as follows:

Related Party	Relationship	Nature of transaction	2021 (\$)	2020 (\$)
FHL Retailing Limited	Holding company	Management fees	4,773,343	5,195,082
Fiji Television Limited	Fellow subsidiary	Advertising expense	67,675	149,004
Fiji Television Limited	Fellow subsidiary	Advance taken	-	1,000,000
Fiji Television Limited	Fellow subsidiary	Interest expense	60,856	27,930
Merchant Finance Pte Limited	Fellow subsidiary	Term deposit	-	300,000
Merchant Finance Pte Limited	Fellow subsidiary	Interest received	19,648	33,649
Merchant Finance Pte Ltd	Fellow subsidiary	Rent received	38,400	38,400
Marsh Pte Limited	Shareholder Related Entity	Gross insurance premium	523,990	454,382
Life Cinema Pte Limited	Fellow subsidiary	Rent income	40,250	207,000
Life Cinema Pte Limited	Fellow subsidiary	Sales	56,769	192,518
Life Cinema Pte Limited	Fellow subsidiary	Administration fee	-	36,000
Life Cinema Pte Limited	Fellow subsidiary	Interest income	-	53,463
Life Cinema Pte Limited	Fellow subsidiary	Advances given	75,000	450,000
Life Cinema Pte Limited	Fellow subsidiary	Advances repaid	200,000	-

(e) Management Fees

Management fees expense of \$4,773,343 (2020: \$5,195,082) was incurred for the year and was paid /payable to FHL Retailing Pte 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 Pte Limited has engaged Tui Management Consulting LP of New Zealand (a firm in which director Surendra Patel has an interest) for the provision of consultancy services in relation to daily operation of RB Patel Group Limited.

NOTE 26. RELATED PARTY DISCLOSURES (CONT'D)

(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.

During the year, Chief Operating Officer, Financial Controller, General Manager and Group Purchasing Officer 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:

	2021 (\$)	2020 (\$)
Salaries and other benefits	568,729	535,481

Furthermore, management fees was paid for the management services obtained during the year (refer note 26 (e)). FHL Retailing Pte Limited has engaged Tui Management Consulting LP of New Zealand (a firm in which director Surendra Patel has an interest) 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 (2020: \$Nil).

(h) Directors Fees

Directors fees of \$50,000 (2020: \$50,000) was paid to the non-executive directors.

NOTE 27. SEGMENT INFORMATION

	Supermarket (\$)	Rental (\$)	Total (\$)
30 June 2021			
Sales and other revenue	132,525,631	2,857,286	135,382,917
Segment results	9,050,119	424,705	9,474,824
Gain on disposal of assets	11,282	-	11,282
Profit before income tax			9,486,106
Income tax expense			915,224
Profit after income tax			8,570,882
Assets			
Segment non-current assets	26,627,636	53,736,429	80,364,065
Other non-current assets			17,748,489
Total non-current assets			98,112,554

NOTE 27. SEGMENT INFORMATION (CONT'D)

	Supermarket (\$)	Rental (\$)	Total (\$)
30 June 2020			
Sales and other revenue	135,770,964	3,682,284	139,453,284
Segment results	10,162,207	516,737	10,678,944
Gain on disposal of assets	49,137		49,137
Profit before income tax			10,728,081
Income tax expense			(1,047,536)
Profit after income tax			9,680,545
Assets			
Segment non-current assets	27,401,479	47,050,854	74,452,333
Other non-current assets			3,399,024
Total non-current assets			77,851,357

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 been provided under supermarket segment information.

NOTE 28. SIGNIFICANT EVENTS DURING THE YEAR

The COVID-19 Global Pandemic

Since the initial declaration of the pandemic in early 2020, Fiji and many countries including our trading partners have experienced significant challenges. The initial impact of the pandemic was felt mainly in the tourism industry and the many related businesses that were connected to the industry. The virus had been contained until April 2021 when the delta strain of the virus was detected and started to rapidly spread in the community. This wave of the virus has had a severe impact on the internal economic activities due to restrictions on movement of people and closure of many businesses on Viti Levu especially in the Lami to Nausori containment zone.

The supermarket industry, which is classified as an essential service, has continued to trade albeit with the required COVID-19 safety protocols of the Ministry of Health. General business activity has deteriorated particularly in the Western Division of Viti Levu, and has also resulted in a decrease in rental revenues due to rebates provided to tenants. This has impacted the results for the financial year.

NOTE 29. EVENTS SUBSEQUENT TO BALANCE DATE

Except for the continuing impact of COVID 19 pandemic into 2021/2022 financial year, no other matters or circumstances have arisen since the end of the financial year which would require adjustment to, or disclosure in, the financial statements.

NOTE 30. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 28 September 2021.