PORTDENARAUMARINA

MARKET ANNOUNCEMENT

FOR PUBLIC RELEASE

Friday the 29th of October 2021

Port Denarau Marina (PDM) Announces Audited Financial Statements for the year ending 31 July 2021

The Chairman and Directors of Port Denarau Marina Limited wish to announce the company's audited financial result for the year ending 31st July 2021.

The company recorded a Operating Net Loss of $5.8 million for the financial year ending 31 July 2021 compared to a Operating Net Profit of $6.1 million reported for the same time last year. The Total Comprehensive Loss was $9.2 million compared to a Total Comprehensive Profit of $8.9 million the year before. The loss is due to the impact of COVID -19 which has resulted in the company providing rent relief to our commercial tenants and having to materially revalue our properties. The closing of international borders has adversely affected the overall business operations with a 62% decrease in revenue compared to the 2020 financial year.

With adequate distribution of vaccines, the subsequent drop in cases and the announcement of the international borders opening up from the 1st of December 2021 the future should improve. The Marina is looking forward to the resumption of business for our operators and tenants and in welcoming guests back as we adjust to the "new normal". Management continues to be proactive in assessing our risk and vulnerability from both an operational and a financial standpoint and has been resourceful, adaptable and innovative in these times of uncertainty while remaining focused on cost control and new opportunities.

Yours faithfully,

Director

Director

Port Denarau Marina Limited
Financial Statements
For the Year Ended 31 July 2021

Building a better working world

Contents

In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of Port Denarau Marina Limited ("the Company") as at 31 July 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and report as follows:

Directors

The names of the Directors in office during the year and up to the date of this report are:

- David George Skeggs
- Nigel James Skeggs (resigned on 05 November 2020)
- Bryan John Skeggs
- Malakai Naiyaga
- Bruce Whewell Phillips

Principal activities

The principal activities of the Company during the financial year was the operation of a marina and marina related activities at Denarau Island. There were no significant changes to the activities during the year.

Results

The Company recorded a net loss of $5,824,523 (2020: profit $6,149,389) after providing for income tax benefit of $508,298 (2020: $188,594).

Total comprehensive loss for the year, net of tax was $9,180,217 (2020: income $8,925,141).

Dividends

The Directors recommend that $nil dividends be declared for the year ended 31 July 2021 (2020: $nil).

Bad and doubtful debts

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

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

Non-current assets

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

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

Unusual transactions

Apart from these matters and other matters specifically referred to in the financial statements, in the opinion of the Directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report any item, transaction or event of a material unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company in the current financial year, other than those reflected in the financial statements.

Basis of accounting

The Directors believe that the basis of the preparation of the financial statements is appropriate and the Company will be able to continue its operation for at least twelve months from the date of this statement. Accordingly, the Directors believe the classification and carrying amounts of assets and liabilities as stated in these financial statements are appropriate.

Events subsequent to balance sheet date

On 29 October 2021, a fire destroyed one of the Company’s investment properties. At the date of authorisation of these financial statements, the cost of damages is yet to be ascertained.

Other than the above, there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company in the subsequent financial years.

Impact of COVID-19 pandemic on the company

During the financial year, on 25 April 2021, in response to the COVID-19 pandemic, the Government announced a number of measures including lockdown of certain containment areas within Viti Levu. Under the lockdown restrictions, all non-essential businesses are required to be closed unless the workplace was deemed part of a permitted industry as set out by the Government. All inter island movement was also ceased. The introduction of these restrictions has had a significant material effect on the Company's financial statements at 31 July 2021.

COVID-19 outbreak and the closing of international borders has adversely affected the overall business operations and will continue to do so until travel resumes. The business continues to operate, albeit not at our original planned or expected levels due to the travel restrictions. The Company provided discounts to its commercial tenants as a result of the severe impact of COVID-19 pandemic. These discounts ranged between 50% - 75% and amounted to $1,905,182 during the year. The underlying valuation of our properties have decreased due to the effects of COVID 19 which amounted to $8,511,625 of the total loss of $9,180,217.

As at the date of these financial statements, the Company has factored in its forecasts the anticipated impacts of COVID-19 on its operations based on conditions at this time. However, notwithstanding the aforementioned actions by government, we are unable to predict the overall impact on customers and vendors and therefore, the extent of any future impact of COVID-19 on the Company's operational and financial performance.

Apart from the exception above, no other matter or circumstance has arisen that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

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 included in the aggregate amount of emoluments received or due and receivable by Directors shown in the financial statements or received as the fixed salary of a full-time employee of the Company or of a related corporation) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Auditor independence

The Directors have obtained an independence declaration from the Company's auditor, Ernst & Young. A copy of the auditor's independence declaration is set out in the Auditor's Independence Declaration to the Directors of Port Denarau Marina Limited on page 5.

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

Dated this 29 day of October 2021.

Director

Director

PORT DENARAU MARINA LIMITED
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 JULY 2021

Directors of Port Denarau Marina Limited ("the Company") have made a resolution that declared:

a) In the Directors' opinion, the financial statements and notes of the Company for the financial year ended 31 July 2021:

   i) give a true and fair view or the financial position of the Company as at 31 July 2021 and of the performance of the Company for the year ended 31 July 2021.

   ii) have been made out in accordance with the Companies Act 2015.

b) they have received declarations as required by section 395 of the Companies Act 2015.

c) at the date of this declaration, in the Directors' opinion, 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 or the Directors.

Dated this 29 day of October 2021.

Director

Director

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Auditor's Independence Declaration to the Directors of Port Denarau Marina Limited

As lead auditor for the audit of Port Denarau Marina Limited for the financial year ended 31 July 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.

This declaration is in respect of Port Denarau Marina Limited during the financial year.

Ernst & Young
Ernst & Young
Chartered Accountants

Shaneel Nandan
Partner
Nadi, Fiji
29 October 2021

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Independent Auditor's Report

To the Shareholders of Port Denarau Marina Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Port Denarau Marina Limited ("the Company"), which comprise the statement of financial position as at 31 July 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 July 2021, and 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 (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountant's *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Fiji and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the matter
Land based assets recorded at fair value (refer note 10, 11 and 16)	
The valuations of right-of-use assets, buildings and investment properties, carried at $10.5m, $0.4m and $15.2m respectively, are important to our audit as they represent significant judgment areas and a significant percentage (85%) of the total assets of the Company. The valuations of right-of-use assets, buildings and investment properties are subjective and are highly dependent on assumptions and estimates. The company has recorded these assets at fair value based on independent external valuations. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving the capitalisation, discount and terminal yield rates.	We assessed the Company's processes for the selection of the external valuers, the determination of the scope of work of the valuers, and the review and acceptance of the valuations reported by the external valuers. We evaluated the qualifications and competence of the external valuers. We also read the terms of engagement of the valuers with the Company to determine whether there were any matters that might have affected their objectivity or limited the scope of their work. We assessed the appropriateness of the classification of assets between land & buildings, right of use assets and investment properties. This assessment included assessing the appropriateness of the allocation of leased Right of Use assets as Investment Property as a consequence of the nature of the use of those assets to generate a rental income stream.

Independent Auditor's Report (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the matter
Land based assets recorded at fair value (refer note 10, 11 and 16)	
At 31 July 2021 the property market, and economy as a whole, were significantly impacted by the restrictions and economic uncertainty resulting from the COVID-19 pandemic. Significant assumptions used in the valuation are inherently subjective and in times of economic uncertainty the degree of subjectivity is higher than it might otherwise be. A small difference in any one of the key assumptions, when aggregated, could result in a significant change to the valuation of these assets. Given the market conditions at balance date, the independent valuer has reported on the basis of the existence of 'material valuation uncertainty', noting that less certainty, and a higher degree of caution, should be attached to the valuation than would normally be the case. In this situation the disclosures in the financial statements provide particularly important information about the assumptions made in the valuation and the market conditions at 31 July 2021. As a result, we consider the valuation and the related disclosures in the financial statements to be particularly significant to our audit. For the same reasons we consider it important that attention is drawn to the information in Notes 10, 11 and 16 in assessing the valuation at 31 July 2021.	We assessed the allocation of the valuation of property to the three classes of assets based on the information provided by the independent valuer. We tested the integrity of factual inputs into the projected cash flows used in the valuations to leases and other relevant documents. We challenged the capitalisation, discount and terminal yield rates used in the valuations by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we sought to understand the reasons for this and undertook sensitivity analysis to assess the impact of these assumptions. We also considered the adequacy of the disclosures in Notes 10,11 and 16, including consideration of disclosure of the specific uncertainties arising from the COVID-19 pandemic.

Other information

The Directors are responsible for the Annual Report, which includes information other than the financial statements and auditor's 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. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of those charged with governance and management for the Financial Statements
The Directors and management 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 management and the 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 Directors and management 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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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 ISAs 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 skepticism 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 Directors' and management 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 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 communicate with 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, the auditor determines those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Independent Auditor's Report (continued)

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.

Ernst & Young
Ernst & Young
Chartered Accountants

Shaneel Nandan
Partner
Nadi, Fiji
29 October 2021

PORT DENARAU MARINA LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2021

	Notes	2021 $	2020 $
Revenue			
Revenue from contracts with customers	2(a)	2,073,551	4,491,513
Other income	2(b)	510,276	2,231,403
		2,583,827	**6,722,916**
Expenses			
Sales and marketing expense		(33,772)	(38,530)
Depreciation and amortisation expense		(908,811)	(732,280)
Operating expenses	2(c)	(2,132,079)	(2,749,966)
Salaries and employee benefits expense	2(d)	(609,085)	(693,751)
(Loss)/profit from operations		**(1,099,920)**	**2,508,389**
Finance costs		(76,970)	(88,470)
Change in fair value of investment properties	11	(5,155,931)	3,540,876
(Loss)/profit before income tax		**(6,332,821)**	**5,960,795**
Income tax benefit	5(a)	508,298	188,594
Operating (loss)/profit after income tax		**(5,824,523)**	**6,149,389**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent years:			
Net change in fair value of property, plant and equipment and right of use asset *(net of tax)*		(3,355,694)	2,775,752
Other comprehensive (loss)/income for the year, net of tax		(3,355,694)	2,775,752
Total comprehensive (loss)/income for the year, net of tax		**(9,180,217)**	**8,925,141**
Basic earnings per share	4	**(0.15)**	**0.15**

The accompanying notes form an integral part of this statement of profit or loss and other comprehensive income.

PORT DENARAU MARINA LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2021

	Notes	2021 $	2020 $
Issued capital			
Balance at the beginning of the year		1,000,000	1,000,000
Movement during the year		-	-
Balance at the end of the year	13	1,000,000	1,000,000
Retained earnings			
Balance at the beginning of the year		23,822,739	11,770,264
Net (loss)/profit after income tax		(5,824,523)	6,149,389
Transfer from asset revaluation reserve*		-	6,803,086
Dividends proposed	18	-	(900,000)
Balance at the end of the year		17,998,216	23,822,739
Other components of equity			
Asset revaluation reserve			
Balance at the beginning of the year		11,107,028	15,432,973
Other comprehensive income		(3,355,694)	2,775,752
Transfer to retained earnings*		-	(6,803,086)
Reversal of revaluation		-	(298,611)
Balance at the end of the year	21	7,751,334	11,107,028
Total shareholders' equity		**26,749,550**	**35,929,767**

** Transfer from Asset revaluation reserve to retained earnings represent revaluation loss previously recognised on investment properties which were previously treated as property, plant and equipment.*

The accompanying notes form an integral part of this statement of changes in equity.

PORT DENARAU MARINA LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2021

	Notes	2021 $	2020 $
Assets			
Non-current assets			
Property, plant and equipment	10	3,383,755	4,396,176
Investment properties	11	14,972,519	20,113,692
Right-of-use assets	16	10,417,174	14,186,311
Prepayments and other receivables	9	-	302,930
		28,773,448	38,999,109
Current assets			
Cash and cash equivalents	6	546,248	503,584
Trade receivables	7	485,276	592,350
Inventories	8	56,963	46,027
Prepayments and other receivables	9	179,144	153,762
Current tax asset		282,129	284,508
		1,549,760	1,580,231
Total assets		30,323,208	40,579,340
Equity and liabilities			
Equity attributable to equity holders			
Share capital	13	1,000,000	1,000,000
Retained earnings		17,998,216	23,822,739
Other components of equity	21	7,751,334	11,107,028
Total equity		26,749,550	35,929,767
Non-current liabilities			
Payable to related party	15(c)	638,843	704,325
Deferred tax liabilities	5(c)	1,519,123	2,402,655
Lease liabilities	17	448,569	519,455
		2,606,535	3,626,435
Current liabilities			
Trade and other payables	12	469,155	483,481
Employee benefits liability	14	74,259	60,758
Payable to related party	15(c)	400,000	300,000
Lease liabilities	17	23,709	178,899
		967,123	1,023,138
Total liabilities		3,573,658	4,649,573
Total equity and liabilities		30,323,208	40,579,340

The accompanying notes form an integral part of this statement of financial position.

PORT DENARAU MARINA LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2021

	Note	2021 $	2020 $
Operating activities			
Net (loss)/profit after tax		(5,824,523)	6,149,389
Adjustments to reconcile (loss)/profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment and right-of-use assets		908,811	732,280
Decrease/(increase) in fair value of investment properties		5,155,931	(3,540,876)
Impairment loss		302,930	289,494
Loss on disposal of property, plant and equipment		199,027	-
Movements in provisions		50,257	37,139
(Decrease)/increase in deferred income tax liabilities		(510,677)	326,318
Net foreign exchange loss/(gain)		36,649	(497,722)
Finance expense (disclosed in financing activities)		67,655	66,954
Working capital adjustments			
Decrease in trade and other receivables		44,936	276,239
(Decrease) in trade and other payables		(16,569)	(582,377)
(Increase)/decrease in inventory		(10,936)	14,760
Decrease/(increase) in income tax receivable		2,379	(603,976)
Net cash from operating activities		405,870	2,667,622
Investing activities			
Acquisition of property, plant and equipment and investment properties		(69,587)	(1,226,310)
Net cash (used in) investing activities		(69,587)	(1,226,310)
Financing activities			
Repayment of related party borrowings		-	(300,000)
Dividends paid		-	(900,000)
Interest paid		(44,353)	(129,859)
Principal repayment of lease liabilities		(249,266)	(23,709)
Net cash (used in) financing activities		(293,619)	(1,353,568)
Net increase in cash and cash equivalents held		42,664	87,744
Net cash at the beginning of the year		503,584	415,840
Cash at the end of year	6	546,248	503,584

The accompanying notes form an integral part of this statement of cash flows.

1.1 Corporate information

Port Denarau Marina Limited (the "Company") is incorporated and domiciled in the Republic of Fiji. The financial statements of Port Denarau Marina Limited for the year ended 31 July 2021 were authorised for issue in accordance with a resolution of the Directors on 29th October 2021.

The Company was listed on the South Pacific Stock Exchange on 14 August 2019.

1.2 Basis of preparation of the financial statements

The financial statements reflect the financial performance of the Company for the trading year from 1 August 2020 to 31 July 2021 and have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). On this basis the financial statements for the year ended 31 July 2021 have been prepared on the basis as a going concern.

The financial statements have been prepared on the basis of historical costs except where stated.

1.3 Functional and presentation currency

These financial statements are presented in Fijian dollars, which is the Company's functional and presentational currency. All amounts have been rounded to the nearest dollar, except when otherwise indicated.

1.4 Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future years.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Property lease classification – Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Estimations and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Valuation of land based assets

Fair value of land based assets are determined by reference to market-based evidence. Independent valuation is performed with sufficient regularity to ensure the carrying amount does not differ materially from the asset's fair value at the balance sheet date. The current policy is to undertake an independent valuation every year.

Right-of-use assets relate to leasehold land having an initial lease term of 89 and 99 years which is considered substantial and are utilized by the company as well as being leased out as part of investment properties. Leasehold land utilized by the company is recorded as right-of-use assets while portion leased out to tenants are recorded as part of investment properties. The split between right-of-use assets and investment properties is determined based on the square meter of land occupied which was 65% and 35% respectively.

The fair value of land -based assets for the year ended 31 July 2021 was determined by Stephen Doyle, an independent registered valuer of the firm Jones Lang LaSalle. In prior year the valuer used the midpoint between depreciated replacement cost and the capitalisation approach. For accounting purpose, buildings were recorded at Capitalisation method with residual from the fair value being applied to land. In the current year, the valuer has refrained from including Depreciated Replacement Cost ("DCR") approach in determining the fair value of land-based assets due to certain limitations largely as a result of extreme levels of professional judgement (subjectivity) required. Instead, the valuer used the Discounted Cash Flow ('DCF') method to estimate fair value and to cross check the value determined using the Capitalisation approach. To ensure comparability of the fair value determined for the current year, the directors decided to adopt the fair value with reference to the Capitalisation approach given the absence of a value determined through DCR and the level of uncertainty surrounding the inputs and assumptions used by the valuer in the DCF method.

Therefore, the fair value of land-based assets at 31 July 2021 were determined using the Capitalisation approach.

The significant unobservable inputs used in the fair value measurement of the Company's land -based assets are:

Assumption	Estimate used
Capitalisation rate	Rate used was 6%

1.4 Significant accounting judgments, estimates and assumptions (continued)

Estimations and assumptions (continued)

A significant decrease (increase) in the capitalisation rate would result in a significantly higher (lower) fair value measurement and a significant increase (decrease) in the underlying land value and estimated replacement cost would result in a significantly higher (lower) fair value measurement.

Impairment of financial assets

The Company uses a simplified approach to implement an expected credit loss model for trade receivables given that trade receivables have terms of one year or less and generally no significant financing components. The Company calculates the lifetime expected credit losses as its provision against such receivables.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less cost to sell and its value in use. The fair value less cost to sell calculation is based on available data from binding sales transactions in arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Leases - estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Measurement of fair value

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

1.5 Summary of significant accounting policies

a) Property, plant and equipment

i) Recognition and measurement

With the exception of land-based assets (leasehold land, buildings and yacht club), property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment at 1 August 2017, the Company’s date of transition to IFRS, was determined with reference to its fair value up to that date.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

1.5 Summary of significant accounting policies (continued)

a) Property, plant and equipment (continued)

ii) Subsequent expenditure

Subsequent expenditure is capitalised only if probable that the future economic benefits associated with the expenditure will flow to the Company.

iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

The estimated depreciation rates of property, plant and equipment for current and comparative years are as follows:

• Buildings	1.25%
• Beacons and moorings	12.00%
• Jetties and anchor chains	4.00% - 12.00%
• Motor vehicles	15.00% - 26.00%
• New marina	6.00% - 15.00%
• Plant and equipment	9.50% - 20.00%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iv) Land based assets revaluation

Any revaluation increment is credited to the asset revaluation reserve included in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increment is recognised in profit or loss.

Any revaluation decrease is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrease is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Upon disposal or derecognition of an asset, any associated revaluation reserve balance is transferred to retained earnings.

b) Investment property

Investment property is initially measured at cost and subsequently at fair value (The Directors determine the fair value of land based assets at each balance date with reference to a report by an independent registered valuer engaged by the Company to value the land based assets every year) with any change therein recognised in profit or loss. Any gain or loss on disposal of investment property is recognised in the profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease.

c) Financial instruments

i) Recognition and measurement

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

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

ii) Classification and measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI 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 year following the change in the business.

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.

1.5 Summary of significant accounting policies (continued)

c) Financial instruments (continued)

ii) Classification and measurement (continued)

Financial assets (continued)

All financial assets not classified as measured at amortised cost 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 as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how Directors of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- the frequency, volume and timing of sales of financial assets in prior years, the reasons for such sales; and
- and demonstrate why those sales do not reflect a change in the entity's business model.

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

Financial assets: Subsequent measurement and gains and loss

Financial assets that are measured at amortised costs 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.

Financial liabilities – Classification, subsequent measurement and gains and losses

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

ii) 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.

iii) 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.

1.5 Summary of significant accounting policies (continued)

d) Impairment

i) Non-derivative financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

- The Company measures loss allowances at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss.
- other receivables and cash at 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.
- When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, 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.

The Company considers another receivable or cash balance to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Company considers this to be Aaa3 or a higher rating per Moody's. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument 12-month expected credit losses are the portion of expected credit losses 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 expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of Expected Credit Losses

Expected Credit Losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flow due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

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

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.

Credit-impaired financial assets

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; and
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for expected credit loss in the statement of financial position

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

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.

1.5 Summary of significant accounting policies (continued)

d) Impairment (continued)

ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

e) Inventories

Inventory has been valued at the lower of cost or net realisable value after allowances for damaged and obsolete inventory. Cost is determined on an average cost basis.

f) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI (the "other comprehensive income").

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences are considered based on the business plans for individual subsidiaries in the Company.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

1.5 Summary of significant accounting policies (continued)

f) Income tax (continued)

ii) Deferred tax (continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax 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. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this assumption. Deferred tax assets and liabilities are offset only if certain criteria are met.

g) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

h) Foreign currencies

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

i) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer. Revenue from the sale of goods is recognised at a point in time, when control of the goods has transferred to the buyer, usually on delivery of goods.

j) Value Added Tax (VAT)

Revenue, expenses and assets are recognised net of the amount of respective sales tax except:

- where the Value Added Tax incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables that are stated with the amount of Value Added Tax included and payables that are stated with the amount of Value Added Tax included.

The net amount of Value Added Tax recoverable or payable to the tax authority is included as part of the receivables or payables in the statement of financial position.

k) Comparatives

Where necessary, the comparative figures have been adjusted to conform to changes in presentation in the current year.

l) Deferred cost

Dredging cost incurred is recognised as deferred cost and is amortised over a period of 10 years.

m) Finance costs

Finance costs include interest expense which is recognised using the effective interest method.

n) Share capital

Increment costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

o) Employee benefits

i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

1.5 Summary of significant accounting policies (continued)

p) Leases

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

– Leasehold land 89 and 99 years

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Leasehold land utilized by the company is recorded as right-of-use assets while portion leased out to tenants are recorded as part of investment properties. The split between right-of-use assets and investment properties is determined based on the square meter of land occupied which was 65% and 35% respectively.

Subsequently, right-of-use assets are measured at fair value. The Directors determine the fair value of right-of-use assets at each subsequent balance date with reference to a report by an independent registered valuer engaged by the Company to value the right-of-use assets every year. Any revaluation increment is credited to the asset revaluation reserve included in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increment is recognised in profit or loss.

Any revaluation decrease is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrease is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset. Upon disposal or derecognition of an asset, any associated revaluation reserve balance is transferred to retained earnings.

ii) Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

1.5 Summary of significant accounting policies (continued)

q) 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.
A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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.

r) Earnings per share

Basic earnings per share is determined by dividing profit or loss attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

1.6 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

<u>Amendments to IAS 1: Classification of Liabilities as Current or Non-current</u>
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that a Company will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendments are not expected to have a material impact on the Company.

<u>Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16</u>

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, a Company recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the Company first applies the amendment.

The amendments are not expected to have a material impact on the Company.

2. Revenue and expenses

Revenue, other income and expenses include the following for the year ended 31 July 2021:

	2021	2020
	$	$
a) *Revenue from contracts with customers*		
Berthing	1,439,488	3,304,946
Terminal	30,854	89,749
Boat yard and storage	477,170	688,539
Fuel and other income	126,039	408,279
	2,073,551	4,491,513
b) *Other income*	$	$
Investment property rentals	510,276	1,733,681
Realised exchange gain	-	479,281
Unrealised exchange gain	-	18,441
	510,276	2,231,403

The Company provided discounts to its commercial tenants as a result of the severe impact of COVID 19 pandemic. These discounts ranged between 50% - 75% and amounted to $1,905,182 during the year.

c) *Operating expenses*	$	$
Auditors remuneration	19,500	19,500
Unrealised exchange loss	36,649	-
Impairment loss – deferred costs	302,930	289,494
Loss on disposal of assets	199,027	-
Other operating costs	1,573,973	2,440,972
	2,132,079	2,749,966
	$	$
d) *Salaries and employee benefits expense*		
Wages and salaries	608,045	692,292
Staff training	1,040	1,459
	609,085	693,751

3. Operating segments

The Company does not have any reportable segments.

4. Earnings per share

The calculation of basic EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares:

	$	$
Profit or loss attributable to ordinary shareholders		
(Loss)/profit attributable to ordinary shareholders	(5,824,523)	6,149,389
Weighted average number of ordinary shares:		
Issued ordinary shares at 31 July	40,000,000	40,000,000
Total	40,000,000	40,000,000
Basic earnings per share	**(0.15)**	**0.15**

5. Income tax

	2021 $	2020 $
a) The amount of income tax attributable to the year differed from the prima facie amount payable on the operating (loss)/profit		
The difference is reconciled as follows:		
Operating (loss)/profit before income tax	(6,332,821)	5,960,795
Prima facie income tax expense calculated at 10% (2020:10%) on the operating (loss)/profit	(633,282)	596,080
Tax effect of non-deductible expenses (net)	(160,550)	(44,612)
Reversal of under/(over) provision from prior year	8,418	(716,713)
Tax losses not recognised	264,989	-
Other movement	12,127	(23,349)
Income tax benefit	(508,298)	(188,594)

b) Income tax benefit	**$**	**$**
Current income tax		
Current income tax charge	-	201,801
Adjustments in respect of non-deductible differences	(160,550)	(44,612)
Deferred income tax		
Temporary differences relating to future years	(347,748)	(345,783)
Income tax benefit	(508,298)	(188,594)

c) Deferred income tax	**$**	**$**
Deferred income tax at 31 July relates to the following:		
Allowance for estimated credit loss	3,846	1,399
Provision for employee entitlements	7,427	6,076
Unrealised exchange loss/(gain)	3,664	(1,844)
Investment properties	(594,393)	(1,109,986)
Property, plant and equipment	(939,667)	(1,298,300)
Net deferred income tax liability	(1,519,123)	(2,402,655)
Represented on the Statement of Financial Position as:	**$**	**$**
Deferred tax liability **	(1,519,123)	(2,402,655)

** Of this deferred liability amount, $861,259 (2020: $1,234,114) relates to revaluations of property which will not be reclassified to profit or loss and for which the movement has been recognised in other comprehensive income.

d) Tax losses

The Company has tax losses of $2,649,893 in 2021 which are available for 8 years to offset against future taxable profits of the Company in which the losses arose.

Deferred tax assets have not been recognised in respect of these losses of $2,649,893 as they may not be used to offset taxable profits in the near future in-lieu of COVID-19 pandemic, and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Company were able to recognise all unrecognised deferred tax assets, the loss after tax would decrease by $264,989.

6. Cash and cash equivalents

	$	$
Cash at bank	545,380	502,461
Cash on hand	325	325
Petty cash	543	602
Imprest account	-	196
Cash at bank and on hand for the purposes of the cash flow statement	546,248	503,584

At 31 July 2021, the Company had available $2,500,000 (2020: $2,500,000) of undrawn committed borrowing facilities

7. Trade receivables

	2021	2020
	$	$
Trade receivables from contracts with customers	249,274	312,415
Less: allowance for expected credit losses	(38,457)	(13,988)
Unearned (pre-billed income) income	274,459	293,923
	485,276	592,350

Trade receivables are non-interest bearing and are generally on 30-90 day terms. As at 31 July 2021, $38,457 (2020: $13,988) trade receivables were impaired and were fully provided for. Movements in provision for impairment of receivables were as follows:

Opening balance	13,988	1,701
Movement during the year	24,469	12,287
Closing balance	38,457	13,988

The ageing analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired 30-60 days	60-90 days	>90 days
	$	$	$	$	$
31 July 2021	485,276	314,105	19,414	10,093	141,664
31 July 2020	592,350	358,307	51,903	39,024	143,116

8. Inventories

	$	$
Inventories	56,963	46,027

9. Prepayments and other receivables

	$	$
Prepayments	132,365	115,397
Sundry debtors	28,700	30,762
Deferred costs*	-	302,930
VAT receivable	18,079	7,603
	179,144	456,692
Disclosed as:		
Current	179,144	153,762
Non-current	-	302,930
	179,144	456,692

* Deferred costs relating to dredging will not be completed and as a result impairment loss of $302,930 was recorded at year end.

10. Property, plant and equipment

	Buildings	Jetties, beacons and moorings	Plant & equipment, vessels and motor vehicles	Work-in-progress	Total
Cost	**$**	**$**	**$**	**$**	**$**
At 31 July 2019	21,291,836	6,961,895	2,728,357	1,092,841	32,074,929
Additions	883,169	191,933	151,208	-	1,226,310
Reclassification	1,092,841	-	-	(1,092,841)	-
Transfer to investment properties	(5,142,639)	-	-	-	(5,142,639)
Transfer to right-of-use assets	(8,127,706)	-	-	-	(8,127,706)
Revaluation*	(6,617,951)	-	-	-	(6,617,951)
Disposals**	(331,790)	-	-	-	(331,790)
At 31 July 2020	3,047,760	7,153,828	2,879,565	-	13,081,153
Additions	-	11,600	43,229	-	54,829
Disposals	(199,027)	-	-	-	(199,027)
Revaluation*	(607,650)	-	-	-	(607,650)
Reclassification	(1,832,061)	3,681	411,650	-	(1,416,730)
At 31 July 2021	409,022	7,169,109	3,334,444	-	10,912,575
Accumulated depreciation					
At 31 July 2019	3,110,124	3,980,156	2,074,870	-	9,165,150
Depreciation charge	42,800	353,759	230,883	-	627,442
Revaluation	(897,595)	-	-	-	(897,595)
Transfer to right-of-use assets	(210,020)	-	-	-	(210,020)
At 31 July 2020	2,045,309	4,333,915	2,305,753	-	8,684,977
Depreciation charge	144,264	341,692	240,973	-	726,929
Revaluation*	(466,356)	-	-	-	(466,356)
Reclassification***	(1,723,217)	3,681	302,806	-	(1,416,730)
At 31 July 2021	-	4,679,288	2,849,532	-	7,528,820
Carrying amounts					
At 31 July 2021	409,022	2,489,821	484,912	-	3,383,755
At 31 July 2020	1,002,451	2,819,913	573,812	-	4,396,176

* The fair value of land-based assets was determined using the Capitalisation approach. The valuation was prepared as at 31 July 2021 by an independent and registered valuer, Jones Lang LeSalle. The same valuer had determined the fair value of the same assets in prior year and estimated fair value as the mid-point between the depreciated replacement cost and the capitalization approach. Due to the high level of uncertainty and subjectivity involved, the valuer has not used the depreciated replacement cost approach to determine fair value in the current year.
** Disposals relates to reversal of revaluation loss previously recognized on idle capital expenditure
*** To adopt the fair values of the assets determined by the valuer at balance date, the accumulated depreciation balance of the revalued assets immediately prior to revaluation date were eliminated against the gross carrying amount of the asset.

Valuation uncertainty
Independent registered valuer Jones Lang LaSalle (JLL) highlighted that the continued impact of the global pandemic on businesses. The valuer noted the spread of COVID-19 prior to, during and subsequent to the financial year have resulted in volatility in local markets, especially in the tourism sector which accounts for 35% of Fiji's GDP.

Consequently, at the valuation date, transactions agreed prior to or during the initial months of the COVID-19 pandemic may or may not be indicative of prevailing, market conditions. The valuer placed less reliance to pre-COVID-19 market evidence for comparison purposes to determine their current opinion of value and have reported on the basis of 'material valuation uncertainty'. As such, less certainty and a higher degree of caution is attached to the valuation than would normally be the case. This applies to fair value determination of investment properties (Note 11) and right-of-use assets (Note 16) which have been estimated by the same valuer.

11. Investment properties

	2021	2020
	$	$
Balance at 1 August	20,113,692	8,470,233
Reclassification from property, plant and equipment	-	5,142,639
Reclassification from right-of-use assets	-	2,899,942
Net (loss)/gain from fair value remeasurement	(5,155,931)	3,540,876
Additions during the year	14,758	60,002
Balance at 31 July	14,972,519	20,113,692

Investment properties comprises of yacht club, terminal building, administration building, a number of workshop buildings and leasehold land that are leased to third parties with annual rents indexed to consumer prices. Subsequent renewals are negotiated with each lessee. 35% of leasehold land is considered to be rented out as part of investment properties based on square meter of land. The Directors determine the fair value of the investment property at each balance date with reference to a report by an independent registered valuer engaged by the Company to value the investment property every year. The valuation was prepared as at 31 July 2021 and undertaken by independent valuer Jones Lang LaSalle.

Valuation uncertainty
The valuation of investment properties was undertaken by the same valuer who valued property, plant and equipment as disclosed in Note 10. The valuer highlighted the impact of covid-19 on valuation uncertainty (as disclosed in Note 10) which also applies to the determination of fair value for investment property.

12. Trade and other payables

	$	$
Trade payables	72,561	56,526
Other payables and accruals	396,594	426,955
	469,155	483,481

13. Share capital

Issued and paid up capital	$	$
Number of ordinary shares	40,000,000	40,000,000
Share capital	$1,000,000	$1,000,000

Weighted average number of ordinary shares at year end is disclosed in Note 4.

14. Employee benefits liability

	$	$
Employee entitlements	74,259	60,758

15. Related party disclosures

a) *Ultimate holding company*

The ultimate holding company is Skeggs Group Limited.

b) *Related party transactions*

Key management personnel compensation

Key management comprises of the Chief Executive Officer, Operations Manager, Business Manager, Financial Controller, Reservations Manager and Security Manager. (last year's comparative does not include Security and Reservations Managers pay).

15. Related party disclosures (continued)

b) ***Related party transactions (continued)***

Key management personnel compensation (continued)

	2021 $	2020 $
Short-term employee benefits	401,782	398,512
Post-employment benefits	14,806	21,450
	416,588	419,962

Other related party transactions

During the year the Company had an interest-bearing loan payable to Skeggs Group Limited, with interest expense paid. Detail as follows:

	$	$
Skeggs Group Limited		
Interest charged on related party payable @4.95%	44,494	56,447

c) ***Payable to related party***

Skeggs Group Limited	1,038,843	1,004,325
Disclosed as:		
Current	400,000	300,000
Non- current	638,843	704,325
	1,038,843	1,004,325

d) ***Directors fees disclosure***

Disclosed as:		
Fees accrued as at 31 July 2021	10,833	21,502
Fees paid during the year*	107,082	100,999
	117,915	122,501

* In 2019 during the Annual General Meeting (AGM), it was approved that $300,000 will be paid in Directors Fee, however only $107,082 was paid during the year.

16. Right-of-use assets

	$	$
Balance at 1 August	14,186,311	8,386,566
Transfer to investment properties*	-	(2,899,942)
Change in fair value through OCI	(3,587,255)	8,804,525
Depreciation charge for the year	(181,882)	(104,838)
	10,417,174	14,186,311

* Represents portion of land leased out as part of investment properties considered as 35% of leasehold land based on the square meter of land occupied.

The cost relating to variable lease payments that do not depend on an index or a rate amounted to $23,709 for the year ended 31 July 2021. There were no leases with residual value guarantees or leases not yet commenced to which the company is committed.

16. Right-of-use assets (continued)

Right-of-use assets relate to leasehold land which are utilized by the company as well as being leased out as part of investment properties. Right-of-use assets for accounting purpose are revalued in the same manner as the company's land-based assets. The Directors determine the fair value of the right-of-use assets at balance date with reference to a report by an independent registered valuer engaged by the Company to value the right-of-use asset as at 31 July 2021. The valuation was undertaken by independent valuer Jones Lang LaSalle.

Valuation uncertainty
The valuation of right-of-use assets was undertaken by the same valuer who valued property, plant and equipment as disclosed in Note 10. The valuer highlighted the impact of covid-19 on valuation uncertainty (as disclosed in Note 10) which also applies to the determination of fair value for right-of-use assets.

17. Lease liabilities

	2021	2020
	$	$
Balance at 1 August	698,354	698,854
Accretion of interest	23,160	23,209
Payments	(249,266)	(23,709)
	472,278	698,354
Disclosed as:		
Current	23,709	178,899
Non-current	448,569	519,455
	472,278	698,354

18. Dividends payable

	$	$
Balance at 1 August	-	-
Arising during the year	-	900,000
Paid during the year	-	(900,000)
Balance at 31 July	-	-

19. Expenditure commitments

	$	$
Capital expenditure commitments	259,072	234,072

20. Contingencies

	$	$
(a) Contingent liabilities		
Guarantees and bonds	271,213	271,213

21. Other components of equity (Asset revaluation reserve)

	$	$
Balance at the beginning of the year	11,107,028	15,432,973
Other comprehensive income	(3,355,694)	2,775,752
Transfer to retained earnings	-	(6,803,086)
Reversal of revaluation**	-	(298,611)
	7,751,334	11,107,028

** Reversal of revaluation related to previously recognized revaluation on idle capital expenditure.

22. Financial risk management objectives and policies

The Company is committed to the management of risk to achieve sustainability of service to its customers, employment of its staff and profits to its shareholders and therefore, takes on controlled amounts of risk when considered appropriate.

The Company has exposure to the following risks: market risk, liquidity risk, credit risk, operational risk and capital management risk.

Implementation of risk management strategy and the day to day management of risk is the responsibility of the Chief Executive Officer, supported by management of the Company. The following sections describe the risk management framework components:

Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk is to manage and control market risk exposures within acceptable parameters while optimizing the return.

i) Interest rate risk

Fair value interest rate risk arises from the potential for a change in interest rates to cause a fluctuation in the fair value of financial instruments. The objective is to manage the interest rate risk to achieve stable and sustainable net interest earnings in the long term.

The Company does not hold any financial instruments except for receivables, payables, and interest-bearing financial instruments which mainly pertain to a loan from its parent entity (Note 15) and cash and cash equivalents. Apart from the non-current portion of the interest-bearing related party payable, interest rate risk is minimal as the amortised cost of the remaining financial instruments approximates to fair value due to the short-term nature of these financial instruments.

ii) Currency risk

The Company is exposed to currency risk through its foreign denominated (New Zealand dollar) related party payable. As the currency in which the Company presents its financial statements is the FJ Dollar, the Company's financial statements are affected by movements in the exchange rates between this currency and the NZ Dollar. The Company does not hedge its exposure to foreign exchange movements.

The summary of quantitative data about the Company's exposure to currency risk is as follows:

	NZD
31 July 2021	**$**
Financial liabilities	
Related party payables	688,766
Net statement of financial position exposure	688,766

	NZD
31 July 2020	**$**
Financial liabilities	
Related party payables	688,766
Net statement of financial position exposure	688,766

The following significant exchange rate against FJD was applied during the year.

	Reporting date spot rate	
	2021	**2020**
NZD	0.6667	0.6858

Sensitivity Analysis

A 1% weakening of the FJ dollar at 31 July 2021 and 2020 would have decreased the equity and increased the loss by FJ$10,435 and FJ$10,145 respectively.

22. Financial risk management objectives and policies (continued)

iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meets its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash, marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

The Company's financial liabilities are all payable within the next 12 months, except for the non-current portion of the related party payable. The Company has access to cash and cash equivalents at balance date of $546,248.

iv) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investments in debt securities. The carrying amounts of financial assets represent the maximum credit exposure. Impairment losses on financial assets recognised in profit or loss were as follows:

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. The Board has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered quarterly. Any sales exceeding those limits require approval from the risk management committee.

The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one and three months for individual and corporate customers respectively. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including their geographic location, trading history with the Company and existence of previous financial difficulties.

The company holds cash bond and bank guarantee on land- based tenancy.

Expected credit loss assessment for customers as at 31 July 2021

The following table provides information about the exposure to credit risk and expected credit loss ("ECL") for trade receivables for customers as at 31 July 2021 (all amounts expressed as % of loss rate).

Trade receivables	
Past Due	**Historical loss rate**
<30 days	0%
30-60 days	0%
61-90 days	0%
>91 days	11%

The Company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very 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. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

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

22. Financial risk management objectives and policies (continued)

Cash and cash equivalents

The Company held cash and cash equivalents of $546,248 at 31 July 2021 (2020: $503,584). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA-, based on Moody's ratings. Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Company uses a similar approach for assessment of ECLs for cash and cash equivalents to those securities.

v) Operational risk

The Company's operational risk management framework supports the achievement of the Company's financial and business goals. Operational risk is defined as the risk of economic gain or loss resulting from:

- Inadequate or failed internal processes and methodologies;
- People;
- Systems; or
- External events

The Chief Executive Officer is closely involved in the operational management of the Company on a daily basis. The Directors are also required to meet regularly to discuss matters of strengthening the operational environment.

vi) Capital management

The primary objective of the Company's capital management is to ensure that its mains a strong credit rating and a healthy capital ratio in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year 31 July 2021 and 31 July 2020. The Company monitors capital using a gearing ratio, which is net debt divided by total capital and net debt. The Company includes within net debt total liabilities less cash and cash equivalents. Capital includes equity attributable to equity holders.

	2021 $	2020 $
Total liabilities	3,573,658	4,649,573
Less: cash and cash equivalents	(546,248)	(503,584)
Net debt	3,027,410	4,145,989
Total capital	26,749,550	35,929,767
Total capital and net debt	29,776,960	40,075,756
Gearing ratio	10%	10%

23. Financial instruments

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried on the statement of financial position.

	Carrying amount		Fair value	
	2021	2020	2021	2020
Financial assets	$	$	$	$
Cash and cash equivalents**	546,248	503,584	546,248	503,584
Trade receivables**	485,276	592,350	485,276	592,350
Prepayment and other receivables**	179,144	456,692	179,144	456,692
	1,210,668	1,552,626	1,210,668	1,552,626
Financial liabilities				
Trade and other payables**	469,155	483,481	469,155	483,481
Lease liabilities**	472,278	698,354	472,278	698,354
Payable to related party*	1,038,843	1,004,325	1,038,843	1,004,325
Trade and other payables**	1,980,276	2,186,160	1,980,276	2,186,160

23. Financial instruments (continued)

* This related party loan payable is interest-bearing at a current nominal interest rate of 4.95% and denominated in New Zealand dollars. Its fair value is based on Level 2 in the fair value hierarchy.

** These are financial assets and liabilities not measured at fair value but for which their carrying value is a reasonable approximation of fair value.

24. Subsequent events

On 29 October 2021, a fire destroyed one of the Company's investment properties. At the date of authorisation of these financial statements, the cost of damages is yet to be ascertained.

Other than the above, there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company in the subsequent financial years.

25. Principal business activities

The principal activities of the Company during the financial year was the operation of a marina and marina related activities at Denarau Island. There were no significant changes to the activities during the year.

26. Impact of COVID-19 pandemic on the company

During the financial year, on 25 April 2021, in response to the COVID-19 pandemic, the Government announced a number of measures including lockdown of certain containment areas within Viti Levu. Under the lockdown restrictions, all non-essential businesses are required to be closed unless the workplace was deemed part of a permitted industry as set out by the Government. All inter island movement was also ceased. The introduction of these restrictions has had a significant material effect on the Company's financial statements at 31 July 2021.

COVID-19 outbreak and the closing of international borders has adversely affected the overall business operations and will continue to do so until travel resumes. The business continues to operate, albeit not at our original planned or expected levels due to the travel restrictions. The Company provided discounts to its commercial tenants as a result of the severe impact of COVID-19 pandemic. These discounts ranged between 50% - 75% and amounted to $1,905,182 during the year. The underlying valuation of our properties have decreased due to the effects of COVID 19 which amounted to $8,511,625 of the total loss of $9,180,217.

As at the date of these financial statements, the Company has factored in its forecasts the anticipated impacts of COVID-19 on its operations based on conditions at this time. However, notwithstanding the aforementioned actions by government, we are unable to predict the overall impact on customers and vendors and therefore, the extent of any future impact of COVID-19 on the Company's operational and financial performance.

Apart from the exception above, no other matter or circumstance has arisen that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

27. Company details

Company incorporation

The Company is incorporated in Fiji under the Companies Act, 2015.

Registered office

Denarau Island
P O BOX 023
Port Denarau, Fiji

Principal place of business
Denarau Island
Nadi, Fiji

Number of employees

As at the end of reporting year, the Company employed a total of 18 (2020: 23) employees.