

RB PATEL GROUP LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

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DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the statement of financial position of RB Patel Group Limited (the Company) as at 30 June 2023, the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and report as follows:

Directors

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

Yogesh J Karan - Chairman	Surendra Kumar Patel
Abilash Ram	Kavin J Rathod
Craig W Strong	Sereana Matakibau

Principal Activities

The principal activities of the Company during the year were that of retailing and wholesaling of general merchandise and owners and administrators of properties. The Company operates eleven supermarket stores throughout the country.

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

Results

The results for the year are as follows:

	<u>2023</u>	<u>2022</u>
Profit from operations	\$ 15,662,648	13,370,788
Finance income	83,759	84,157
Finance costs	(1,315,828)	(1,344,610)
Profit before income tax and adjustment to deferred tax	<u>14,430,579</u>	<u>12,110,335</u>
Income tax expense for the year at 10% (2022: 10%)	<u>(925,317)</u>	<u>(1,150,344)</u>
Profit after income tax but before adjustment to deferred tax	13,505,262	10,959,991
Adjustment to deferred tax due to change in future income tax rate from 10% to 25%	<u>(5,802,793)</u>	-
Profit for the year	<u>7,702,469</u>	<u>10,959,991</u>

Dividends

During the year, the Company declared and paid dividends of \$7,050,000 (2022: \$4,800,000).

Basis of Accounting - Going Concern

The financial statements have been prepared on a going concern basis. The directors consider the application of the going concern principle to be appropriate in the preparation of the financial statements as they believe with the plans and strategies put in place by the Company together with the ongoing support of the shareholders and lenders, the Company will generate and maintain required funding for its operations and meet its liabilities and commitments as and when they fall due over the next twelve months. Accordingly, directors believe that the classification and carrying amounts of the assets and liabilities as stated in the financial statements to be appropriate.

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

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

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

Current and Non-Current Assets

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

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

Unusual Transactions

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

Significant Events During the Year

In accordance with Income Tax (Rates of Tax and Levies) (Amendment) Regulations 2023, commencing from financial year ending 30 June 2024 (tax year 2023), the Company will be subject to corporate tax at the rate of 25%. Accordingly, the current corporate income tax rate of 10% will increase to 25% from the financial year ending 30 June 2024 (tax year 2023).

Events Subsequent to Balance Date

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

Other Circumstances

As at the date of this report:

- (i) no charge on the assets of the Company has been given since the end of the financial year to secure the liabilities of any other person;
- (ii) no contingent liabilities have arisen since the end of the financial year for which the Company could become liable; and
- (iii) no contingent liabilities or other liabilities of the Company has become or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

DIRECTORS' REPORT [CONT'D]

Other Circumstances (cont'd)

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


Directors' Benefits

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

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

Dated this 31st day of August 2023.


.....
Director


.....
Director

DIRECTORS' DECLARATION

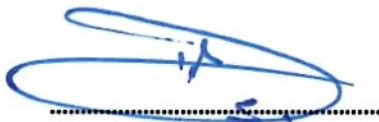
The declaration by directors is required by the Companies Act, 2015.

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

- a) In the opinion of the directors, the financial statements of the Company for the financial year ended 30 June 2023:
 - i. comply with the International Financial Reporting Standards and give a true and fair view of the financial position of the Company as at 30 June 2023 and of the performance and cash flows of the Company for the year ended 30 June 2023; and
 - ii. have been prepared in accordance with the Companies Act, 2015;
- b) The directors have received independence declaration by auditors as required by Section 395 of the Companies Act, 2015; and
- c) At the date of this declaration, in the opinion of the directors, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Dated this 31st day of August 2023.



.....
Director



.....
Director



Lead Auditor's Independence Declaration under Section 395 of the Companies Act 2015

To the Directors of RB Patel Group Limited

I declare that, to the best of our knowledge and belief, in relation to the audit of RB Patel Group Limited for the financial year ended 30 June 2023, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Companies Act 2015* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



A handwritten signature in black ink, appearing to read 'SN', enclosed within a circular scribble.

Steve Nutley
Partner
Suva, Fiji
31 August, 2023



Independent Auditor's Report

To the shareholders of RB Patel Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of RB Patel Group Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Companies Act 2015*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *International Financial Reporting Standards*.

The **Financial Report** of the Company comprise:

- Statement of financial position as at 30 June 2023;
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended; and
- Notes including a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the *International Standards on Auditing*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the ethical requirements of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), together with the *Companies Act 2015* and the ethical requirements that are relevant to our audit of the Financial Report in Fiji. We have fulfilled our other ethical responsibilities in accordance with these requirements.

We confirm that we have remained independent as required by the Code throughout the period of our audit and to the date of this Auditor's Report.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Revenue (\$165,444,612)	
Refer to Note 3(q) to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>Retail and wholesale revenue was a key audit matter due to the:</p> <ul style="list-style-type: none"> ▪ significance of revenue to the financial performance of the Company; ▪ significant audit effort to test the high volume of individual revenue transactions. <p>In assessing this key audit matter, we involved senior team members who understand the Company's industry and economic environment it operates in.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> ▪ evaluating the appropriateness of the Company's accounting policies for revenue recognition for each significant revenue stream against the requirements of the accounting standards. ▪ for a sample of revenue transactions during the year, checking the: <ul style="list-style-type: none"> ▪ amount of retail revenue recorded during the year to the amount of cash receipt from the customer obtained from the Company's bank statements; ▪ amount of wholesale revenue recorded during the year to the amount per the customer signed sales invoice; ▪ for a sample of revenue transactions from one week before and one week after year end, checking the date revenue was recognised to the date the performance obligation was satisfied, by inspecting cash receipts in the Company's bank statements and customer signed sales invoices. ▪ assessing the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in RB Patel Group Limited's annual report and directors' report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the directors report. The Chairman's Review, Corporate Governance Statement, Additional Information – SPX Listings Rules Information and Five Year Graphical Review are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information. When we read the annual report, if we conclude that there is a material misstatement therein of this Other Information, we are required to communicate that fact. Based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report in relation to the directors' report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing Financial Report that give a true and fair view in accordance with *International Financial Reporting Standards* and the *Companies Act 2015*;
- implementing necessary internal control to enable the preparation of Financial Report that give a true and fair view and are free from material misstatement, whether due to fraud or error; and
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is 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 *International Standards on Auditing* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 Report.

As part of the audit in accordance with the *International Standards on Auditing*, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Report, 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 opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Report 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 auditors' 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 Report, including the disclosures, and whether the Financial Report represents 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 the audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audits of the Financial Report of the current period and are therefore the Key Audit Matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion:

- proper books of account have been kept by the Company, sufficient to enable financial statements to be prepared, so far as it appears from our examination of those books; and

- to the best of our knowledge and according to the information and explanations given to us the financial statements give the information required by the *Companies Act 2015*, in the manner so required.


KPMG



Steve Nutley
Partner
Suva, Fiji
31 August, 2023

RB PATEL GROUP LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

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	Note	2023	2022
Revenue		\$ 165,444,612	140,152,328
Cost of sales		<u>(130,718,702)</u>	<u>(109,974,230)</u>
Gross profit		34,725,910	30,178,098
Other income	6	4,598,641	3,395,444
		39,324,551	33,573,542
Operating expenses		(23,145,863)	(19,771,601)
Impairment gain/(loss) on trade and other receivables		203,868	(16,979)
Selling and marketing expenses		<u>(719,908)</u>	<u>(414,174)</u>
Operating profit		15,662,648	13,370,788
Finance income	7(a)	83,759	84,157
Finance costs	7(b)	<u>(1,315,828)</u>	<u>(1,344,610)</u>
Net finance costs		(1,232,069)	(1,260,453)
Profit before income tax and adjustment to deferred tax	8	14,430,579	12,110,335
Income tax expense for the year at 10% (2022: 10%) ¹	9(a)	<u>(925,317)</u>	<u>(1,150,344)</u>
Profit after income tax but before adjustment to deferred tax		13,505,262	10,959,991
Adjustment to deferred tax due to change in future income tax rate from 10% to 25% ¹	9(a)	<u>(5,802,793)</u>	-
Profit for the year		7,702,469	10,959,991
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Equity investments at fair value through other comprehensive income - change in fair value		-	(90,000)
Other comprehensive income for the year, net of tax		-	(90,000)
Total comprehensive income for the year		\$ 7,702,469	10,869,991
Earnings per share			
Basic & diluted earnings per share	22	5.1 cents	7.3 cents

¹ These comprise total tax expense of \$6,728,110 (2022: \$1,150,344)

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

RB PATEL GROUP LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

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	Note	2023	2022
CURRENT ASSETS			
Cash on hand and at bank		\$ 1,177,768	1,130,514
Trade and other receivables	10(a)	1,158,000	1,368,787
Inventories	11	18,083,790	18,088,087
Other investments	12(a)	829,459	805,151
Other assets	10(c)	1,185,425	944,952
Loans and advances	10(b)	205,187	-
Total current assets		22,639,629	22,337,491
NON-CURRENT ASSETS			
Equity investments	12(b)	-	55,000
Property, plant and equipment	13	23,904,491	23,746,107
Investment properties	14	59,350,005	56,804,400
Right-of-use asset	15	5,443,189	4,811,798
Loans and advances	10(b)	1,056,319	714,000
Total non-current assets		89,754,004	86,131,305
TOTAL ASSETS		112,393,633	108,468,796
CURRENT LIABILITIES			
Trade and other payables	16	14,076,849	13,407,369
Lease liability	15	886,590	613,104
Interest bearing borrowings	17	5,639,455	5,790,408
Current tax liability	9(b)	530,803	272,815
Provisions	18	104,494	111,599
Total current liabilities		21,238,191	20,195,295
NON-CURRENT LIABILITIES			
Interest bearing borrowings	17	14,224,360	18,322,153
Lease liability	15	4,909,717	4,496,546
Deposits	19	460,687	349,386
Deferred tax liabilities	9(d)	9,318,356	3,515,563
Total non-current liabilities		28,913,120	26,683,648
TOTAL LIABILITIES		50,151,311	46,878,943
NET ASSETS		62,242,322	61,589,853
SHAREHOLDERS' EQUITY			
Share capital	20	15,000,000	15,000,000
Equity investment reserve		-	51,230
Retained earnings		47,242,322	46,538,623
TOTAL SHAREHOLDERS' EQUITY		\$ 62,242,322	61,589,853

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

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


.....
Director


.....
Director

	Share Capital (\$)	Investment Revaluation Reserve (\$)	Retained Earnings (\$)	Total (\$)
Balance at 1 July 2021	15,000,000	51,230	40,468,632	55,519,862
Total comprehensive income				
Profit	-	-	10,959,991	10,959,991
Other comprehensive income	-	-	(90,000)	(90,000)
Total comprehensive income	-	-	10,869,991	10,869,991
Transactions with owners of the Company				
Contributions and distributions				
Dividends (note 21)	-	-	(4,800,000)	(4,800,000)
Total contributions and distributions	-	-	(4,800,000)	(4,800,000)
Total transactions with owners of the Company	-	-	(4,800,000)	(4,800,000)
Balance at 30 June 2022	15,000,000	51,230	46,538,623	61,589,853
Total comprehensive income				
Profit	-	-	7,702,469	7,702,469
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	7,702,469	7,702,469
Disposal of Equity Investment		(51,230)	51,230	-
Transactions with owners of the Company				
Contributions and distributions				
Dividends (note 21)	-	-	(7,050,000)	(7,050,000)
Total contributions and distributions	-	-	(7,050,000)	(7,050,000)
Total transactions with owners of the Company	-	-	(7,050,000)	(7,050,000)
Balance at 30 June 2023	15,000,000	-	47,242,322	62,242,322

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

RB PATEL GROUP LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

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	<u>Note</u>	<u>2023</u>	<u>2022</u>
Cash flows from operating activities			
Receipts from customers	\$	168,486,890	143,559,516
Payments to suppliers and employees		<u>(150,936,169)</u>	<u>(131,436,174)</u>
Cash generated from operations		17,550,721	12,123,342
Interest paid		(937,452)	(1,042,027)
Interest received		83,759	84,157
Income tax paid		<u>(667,329)</u>	<u>(775,550)</u>
Net cash from operating activities		<u>16,029,699</u>	<u>10,389,922</u>
Cash flows from investing activities			
Payment for property, plant and equipment and investment properties		(3,705,926)	(4,469,712)
Proceeds from sale of property, plant and equipment		28,225	92,976
Payments for other investment		-	(808,151)
Proceeds from sale of other investment		75,000	805,151
Advances to related party		<u>-</u>	<u>(879,000)</u>
Net cash used in investing activities		<u>(3,602,701)</u>	<u>(5,255,736)</u>
Cash flows from financing activities			
Other costs of finance paid		(378,376)	(302,583)
Proceeds from borrowings		540,142	4,275,443
Repayment of borrowings		(5,046,214)	(2,286,069)
Payment for lease liability		(702,622)	(752,916)
Dividends paid		<u>(7,050,000)</u>	<u>(4,800,000)</u>
Net cash used in financing activities		<u>(12,637,070)</u>	<u>(3,866,125)</u>
Net increase in cash and cash equivalents		(210,072)	1,268,061
Cash and cash equivalent at the beginning of the financial year		<u>(1,340,987)</u>	<u>(2,609,048)</u>
Cash and cash equivalent at the end of the financial year	25(a)	<u>\$ (1,551,059)</u>	<u>(1,340,987)</u>

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

NOTE 1. GENERAL INFORMATION

a) Corporate Information

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

b) Principal Activities

The principal activities of the Company during the year were that of retailing and wholesaling of general merchandise and owners and administrators of properties. The Company operates ten supermarket stores throughout the country.

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

c) Change in income tax rate

In accordance with Income Tax (Rates of Tax and Levies) (Amendment) Regulations 2023, commencing from financial year ending 30 June 2024 (tax year 2023), the Company will be subject to corporate tax at the rate of 25%. Accordingly, the current corporate income tax rate of 10% will increase to 25% from the financial year ending 30 June 2024 (tax year 2023).

NOTE 2. BASIS OF PREPARATION

a) Basis of Preparation

These financial statements have been prepared under the historical cost basis, except for the following items, which are measured on an alternative basis at each reporting date.

Items	Measurement bases
Equity securities	Fair value
Investment properties	Fair value

b) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the International Accounting Standards Board and the requirements of Companies Act 2015.

c) New standards, interpretations and amendments not yet effective

A number of new and amended standards are effective for annual periods beginning after 1 July 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following new and amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- Amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimate (Amendments to IAS 8)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction - Amendments to IAS 12 Income Taxes
- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Property, Plant and Equipment

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

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

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

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

Leasehold lands	Terms of leases
Buildings	1.25% - 2.50%
Furniture, fittings and office equipment	5% - 20%
Motor vehicles	5% - 20%

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

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

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

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

(b) Investment Properties

Investment properties principally, comprising freehold land, leasehold land and building, are held either to earn rental income, or for capital appreciation or for both, are measured initially at its cost including transaction costs.

Subsequent to initial recognition, investment properties are stated in the statement of financial position at fair value, determined by external independent valuers who have appropriate recognised professional qualification and recent experience in the location and category of property being valued.

Changes in fair values are recorded in the profit or loss. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred. When the use of a property changes from investment property to owner-occupied, the property is reclassified to property, plant and equipment and its fair value at the date of reclassification becomes its cost for subsequent accounting.

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

(c) Impairment of Non - Financial Assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

(d) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory and are valued at actual cost on a first in first out basis.

Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in marketing, selling and distribution. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

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

(e) Financial Instruments

(i) Recognition and initial measurement

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

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

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

(e) Financial Instruments

(ii) Classification and subsequent measurement

Financial assets

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

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

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

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

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

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

Financial assets: Reclassifications

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

Financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Financial assets at amortised cost includes Cash on hand and at bank, Trade and other receivables, Other investments and Loans to related parties.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

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

(e) Financial Instruments (Cont'd)

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

(iii) Derecognition

Financial assets

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

Financial liabilities

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

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

(iv) Modifications of financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (3(e)(ii))) and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower (see (3(f))), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income (see 3(u)).

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

(f) Financial Instruments (Cont'd)

(v) Offsetting

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

(f) Impairment of Financial Instruments

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

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

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

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive); and
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

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

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

(f) Impairment of Financial Instruments (cont'd)

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

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

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(g) Cash and Cash Equivalents

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

(h) Borrowings

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

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

(i) Trade and Other Payables

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

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

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

(j) Provisions

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

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

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

(k) Employee Benefits

Wages and salaries

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

Annual leave and sick leave

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

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

Defined contribution plans

Contributions to Fiji National Provident Fund are expensed when incurred.

(l) Share Capital

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

(m) Income Tax

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

Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax

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

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

(m) Income Tax (Cont'd)

Deferred Tax (Cont'd)

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

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

Current and Deferred Tax for the year

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

Capital Gains Tax

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

(n) Value Added Tax

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

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

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

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

(o) Foreign Currency

Functional and Presentation Currency

The Company operates in Fiji and hence the financial statements are presented in Fiji dollars, which is the Company's functional and presentation currency. All amounts have been rounded to the nearest dollar, unless otherwise indicated.

Transactions and Balances

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

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

(p) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

- the Company has the right to operate the asset; or

the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Policy applicable as a lessee

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

(p) Leases (Cont'd)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

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

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

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Assets held under other leases were classified as operating leases and were not recognised in the Company and the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

Policy applicable as a lessor

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

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

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

(p) Leases (Cont'd)

Policy applicable as a lessor (Cont'd)

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

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

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

(q) Revenue

(i) Significant accounting policy

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.

(ii) Nature of goods and services

The following is a description of the principal activities from which the Company generates its revenue.

Sale of Goods

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

Invoices are generated at the point in time when possession of the goods has transferred to the customer. Invoices are usually payable at that point in time or within 30 days.

(r) Borrowing Costs

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

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

(s) Earnings Per Share

Basic earnings per share

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

Diluted earnings per share

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

(t) Dividend Distribution

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

(u) Finance Income and Finance Costs

The Company's finance income and finance costs include:

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

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

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

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

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

(v) Fair value measurement

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

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

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

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

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

NOTE 4. RISK MANAGEMENT

4.1 Financial risk factors

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

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

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

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

NOTE 4. RISK MANAGEMENT (cont'd)

4.1 Financial risk factors (cont'd)

(a) Market risk

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

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

(i) Foreign exchange risk

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

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

	Liabilities	
	2023	2022
	\$	\$
US Dollar	1,079,402	1,286,045
NZ Dollar	421,447	432,509
AUD Dollar	178,878	-

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

(ii) Interest rate risk

The company has interest-bearing assets in the form of debt investment securities and advances to related entities. Generally, these are at fixed interest rates, hence, there are no uncertainties related to interest rate cash flows during the period of investment.

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

At the reporting date the profile of the Company's variable interest bearing financial instruments was as follows:

	2023	2022
	\$	\$
Borrowings	18,863,815	23,112,561

NOTE 4. RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (cont'd)

(a) Market risk (cont'd)

(iii) Interest rate risk (cont'd)

A 100 basis points (bp) increase in interest rates at the reporting date would have decreased equity and the profit or loss by amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2022.

	Equity	Profit or loss before tax
	\$	\$
30 June 2023		
Variable rate instruments	188,638	188,638
30 June 2022		
Variable rate instruments	231,126	231,126

The carrying amounts of the Company's financial instruments that are exposed to interest rate risk as at 30 June 2023 and 2022 are summarized below:

Financial Instruments	Less than 1 year (\$)	1 year and over (\$)	Total (\$)
At 30 June 2023			
Financial liabilities:			
Bank overdraft	2,728,827	-	2,728,827
Bank loans	1,910,628	14,224,360	16,134,988
Advances	1,000,000	-	1,000,000
Total financial liabilities	5,639,455	14,224,356	19,863,814
At 30 June 2022			
Financial liabilities:			
Bank overdraft	2,471,501	-	2,471,501
Bank loans	2,318,907	18,322,153	20,641,060
Advances	1,000,000	-	1,000,000
Total financial liabilities	5,790,408	18,322,153	24,112,561

(b) Credit risk

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

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

The Company does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

NOTE 4. RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (cont'd)

(c) Credit risk (cont'd)

Loans to related parties

Expected credit loss assessment for loans to related parties

The Company performs a qualitative assessment to measure the ECLs for related party receivables. The factors considered by the Company includes whether there are evidence to support that there has been a significant increase in credit risk, whether there any impact on time value of money, how and when the Company will require repayment from the related party and whether any indicators of default exist.

Trade receivables

Expected credit loss assessment for trade receivables

The Company uses an allowance matrix to measure the ECLs of Trade receivables from individual customers, which comprise a large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The following table provides information about the exposure to credit risk and ECLs for Trade receivables from individual customers as at 30 June 2023 and 2022:

	Weighted-average loss rate	Gross Carrying amount (\$)	Loss allowance (\$)	Credit Impaired
30 June 2023				
Current (not past due)	-	650,552	-	No
31 to 61 Days	2.62%	270,059	7,064	No
62 to 89 Days	22.25%	28,296	6,296	No
90 to 120 Days	61.38%	100,419	61,640	Yes
		<u>1,049,326</u>	<u>75,000</u>	

	Weighted-average loss rate	Gross Carrying amount (\$)	Loss allowance (\$)	Credit Impaired
30 June 2022				
Current (not past due)	0.50%	554,762	2,772	No
30 days past due	2.04%	160,763	3,281	No
60 days past due	2.71%	148,832	4,037	No
More than 90 days past due	67.40%	398,759	268,778	Yes
		<u>1,263,116</u>	<u>278,868</u>	

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

NOTE 4. RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (cont'd)

(b) Credit risk (cont'd)

Movements in the allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows.

	2023	2022
Balance at 1 July	\$ 278,868	261,889
Impairment loss (reversed)/recognised	(203,868)	16,979
Balance at 30 June	\$ 75,000	278,868

(c) Cash

The Company held cash of \$1,177,768 at 30 June 2023 (2022: \$1,130,514). The cash are held with banks, which are rated B- to AA-, based on Standards and Poor's (S&P) ratings.

Impairment on cash has been measured on the 12 month expected loss basis and reflects the short maturities of the exposures.

The Company did not recognise an impairment allowance against cash as at 30 June 2023 (2022: nil).

(d) Liquidity risk

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

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

Financial Liabilities	Less than 1 year (\$)	Between 1 and 2 years (\$)	Between 3 and 5 years (\$)	Over 5 years (\$)	Total (\$)	Carrying amount (\$)
At 30 June 2023						
Bank loans	2,460,000	2,460,000	7,567,066	9,955,397	22,442,463	16,134,987
Advances	1,000,000	-	-	-	1,000,000	1,000,000
Bank overdraft	2,728,827	-	-	-	2,728,827	2,728,827
Trade and other payables	14,076,849	-	-	-	14,076,850	14,076,849
Lease liability	1,156,497	1,168,497	1,747,994	3,710,865	7,783,853	5,796,307
At 30 June 2022						
Bank loans	3,060,000	3,060,000	8,876,311	9,594,307	24,590,618	20,641,060
Advances	1,020,000	-	-	-	1,020,000	1,000,000
Bank overdraft	2,471,506	-	-	-	2,471,501	2,471,501
Trade and other payables	13,407,369	-	-	-	13,407,369	13,407,369
Lease liability	852,322	672,322	2,016,966	3,684,719	7,226,329	5,109,650

NOTE 4. RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

(d) Other Risks

(i) Operational risk

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

(ii) Regulatory risk

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

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

4.2 Capital risk management

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

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

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

The gearing ratios at 30 June 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Total borrowings (note 17)	\$ 19,863,815	24,112,561
Less: Cash on hand and at bank	<u>(1,177,768)</u>	<u>(1,130,514)</u>
Net debt	18,686,046	22,982,047
Total equity	<u>62,242,322</u>	<u>61,589,853</u>
Total capital (Equity + Net debt)	\$ <u>80,928,368</u>	<u>84,571,900</u>
Gearing ratio % (Net debt / Total capital)	23%	27%

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

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

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year have been disclosed under the following notes to the financial statements:

i. Measurement of fair values

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 period during which the change has occurred.

Further information about the assumptions made in measuring fair value is included in the following note:

Note -4 - investment properties

NOTE 6. OTHER INCOME	2023	2022
Rental income	\$ 4,468,319	3,236,450
Gain on disposal of plant and equipment	28,223	92,976
Gain on disposal of equity investment	20,000	-
Dividends - nonrelated entity	4,500	-
Commission	1,099	1,080
Miscellaneous income	76,500	64,938
Total other income	\$ 4,598,641	3,395,444

NOTE 7. FINANCE COST / (INCOM-) - NET	2023	2022
(a) Finance income:		
- Interest income on deposits and advances	\$ (83,759)	(84,157)
(b) Finance cost:		
- Bank and loan administration charges	378,376	302,583
- Interest expense - borrowings	672,266	808,051
- Interest expense - lease liability	265,186	233,976
Total finance costs	1,315,828	1,344,610

Borrowing costs amounting to \$76,972 (2022: \$138,739) was capitalized to investment properties (note 14).

NOTE 8. PROFIT BEFORE INCOME TAX

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

Auditor's remuneration for:		
- Audit fees	60,000	50,000
- Other services	4,500	3,500
Directors' fees	50,000	50,000
Management fees	6,905,999	5,614,509
Wages & Salaries, FNPF and training levy	8,717,533	7,561,379

NOTE 9. INCOME TAX

(a) Income Tax Expense

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

Profit before income tax	14,430,579	12,110,335
Prima facie tax thereon at 10% (2022: 10%)	1,443,058	1,211,034
Tax effect of permanent differences:		
Non-deductible expenses	3,882	1,963
Effect of change in tax rate	5,587,939	-
Income tax deductions and concessions	(121,175)	(63,327)
Under provision for income tax expense in prior year	(185,594)	674
Income tax expense attributable to profit	6,728,110	1,150,344

Income tax expense comprises of:

Current tax expense	1,110,911	948,971
Deferred tax expense	5,802,793	201,373
Under provision for income tax expense in prior year	(185,594)	-
	6,728,110	1,150,344

(b) Current Tax Liability

Balance at the beginning of the year	(272,815)	(99,394)
Income tax paid	667,329	775,550
Under provision for income tax expense in prior year	185,594	778
Current tax expense	(1,110,911)	(949,749)
Balance at the end of the year	\$ (530,803)	(272,815)

NOTE 9. INCOME TAX (CONT'D)

(c) Deferred Tax Assets and Liabilities

Deferred tax assets comprise the estimated future benefit at future income tax rate of 25% (2022: 10%) of the following items:

	<u>2023</u>	<u>2022</u>
Difference between right of use asset and lease liability	\$ 88,280	29,785
Provision for employee entitlements	26,124	8,134
Allowance for impairment loss	18750	27,887
	<u>133,154</u>	<u>65,806</u>

Deferred tax liabilities comprise the estimated future expense at future income tax rate of 25% (2022: 10%) and capital gains tax rate of 10% (2022: 10%) of the following items:

Difference in net carrying value of property, plant and equipment and investment properties for accounting and income tax purpose	9,239,022	3,495,731
Capital gains tax (at the rate of 10%) on the fair value gain on equity investments	5,123	5,123
Cyclone reserve deposit	207,365	80,515
	<u>9,451,510</u>	<u>3,581,369</u>
Net deferred tax liabilities	<u>9,318,356</u>	<u>3,515,563</u>

NOTE 10 RECEIVABLES AND OTHER ASSETS

(a) Trade and other receivables

Current

Trade receivables (a)	1,049,326	1,263,116
Allowance for impairment loss	(75,000)	(278,868)
	<u>974,326</u>	<u>984,248</u>
Other receivables	<u>183,674</u>	<u>384,539</u>
Total trade and other receivables	<u>1,158,000</u>	<u>1,368,787</u>

(b) Loans and advances

Current

Advances (c) & (d)	<u>205,187</u>	-
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Non-current

Advances to Life Cinema Pte Limited (b)	1,835,791	1,852,691
Allowance for impairment loss on advances to Life Cinema Pte Limited	(1,723,691)	(1,723,691)
Advances (c) & (d)	<u>944,219</u>	<u>585,000</u>
Total loans and advances	<u>\$ 1,056,319</u>	<u>714,000</u>

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

- a) Trade receivables principally comprise amounts outstanding for sale of merchandise goods. Trade receivables are non-interest bearing and are generally settled on 7 - 60 days term.
- b) Advances to fellow subsidiary, Life Cinema Pte Limited (Life Cinema) amounting to \$1,853,791 (2022: \$1,852,691) is not subject to interest. Based on the financial status together with the outlook for the foreseeable future of Life Cinema Pte Ltd, the Company has impaired advances of \$1,723,691 (2022: \$1,723,691) in prior year. Advances amounting to \$112,100 (2022: \$129,000) is deemed recoverable and is not expected to be received in the next 12 months
- c) Advances provided to Sunergise (Fiji) Pte Limited is for funding of the installation of solar panel systems at Lautoka (\$85,000), CentrePoint (\$250,000) and HarbourPoint (\$250,000) supermarkets. The advances have been provided to obtain competitive electricity rates. The advances are subject to fixed and variable interest rates for the term of 10 years. The advances are unsecured and the principal amounts are repayable at the end of the terms of 10 years in May 2024, March 2025 and April 2026 respectively.
- d) Advance of \$564,406 provided to Tourism Fiji is for financing of the fit-out requirements for their office in JetPoint complex in Nadi and is payable over the period of the tenancy. The advance is subject to fixed interest rate.

(c) Other assets

	<u>2023</u>	<u>2022</u>
Deposits	\$ 906,107	460,896
Prepayments	279,318	484,056
Total other assets	<u>1,185,425</u>	<u>944,952</u>

NOTE 11. INVENTORIES

Finished goods	\$ 16,744,890	16,563,349
Goods in transit	1,338,900	1,524,738
Total inventories	<u>18,083,790</u>	<u>18,088,087</u>

Finished goods are generally stated at cost. The value of inventories carried at net realisable values as at the year-end is nil. Inventories considered to be un-saleable or obsolete are either sold at reduced prices or disposed in the period in which they are identified as un-saleable or obsolete. In addition, inventories have been reduced by \$nil (2022: \$nil) as a result of the write down to net realisable value.

	<u>2023</u>	<u>2022</u>
NOTE 12. FINANCIAL ASSETS		
(a) Other Investments		
Current		
Cyclone reserve deposit - Merchant Finance Pte Limited (at amortised cost)	829,459	805,151
(b) Equity Investments		
Non-Current		
Equity investments in unlisted securities - at FVOCI	\$ -	<u>55,000</u>
Reconciliation for equity investments		
Opening balance	55,000	145,000
Sale of equity investment	(55,000)	-
Change in fair value		<u>(90,000)</u>
Total equity investments	\$ <u>-</u>	<u>55,000</u>

Equity securities designated as at FVOCI

The Company has designated the investments as at FVOCI because these equity securities represent investments that the Company intends to hold for the long-term for strategic purposes.

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

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land at deemed cost (\$)	Leasehold land at deemed cost (\$)	Buildings at deemed cost (\$)	Office equipment at cost (\$)	Motor vehicles at cost (\$)	Capital work in progress (\$)	Total (\$)
Gross carrying amount							
Balance at 30 June 2021	4,895,544	1,872,797	19,274,933	9,152,715	1,923,100	797,122	37,916,211
Additions	-	-	56,439	1,053,746	310,693	-	1,420,878
Disposals	-	-	-	-	(171,514)	-	(171,514)
Transfer	-	-	-	791,470	-	(791,470)	-
Balance at 30 June 2022	4,895,544	1,872,797	19,331,372	10,997,931	2,062,279	5,652	39,165,575
Additions	-	-	122,593	890,752	146,975	-	1,160,320
Disposals	-	-	-	(1,025,449)	(109,574)	-	(1,135,023)
Balance at 30 June 2023	4,895,544	1,872,797	19,453,965	10,863,234	2,099,680	5,652	39,190,872
Accumulated depreciation							
Balance at 30 June 2021	-	681,319	4,378,718	7,905,995	1,554,984	-	14,521,016
Depreciation expense	-	32,962	279,422	476,708	261,737	-	1,050,829
Disposals	-	-	-	-	(152,377)	-	(152,377)
Balance at 30 June 2022	-	714,281	4,658,140	8,382,703	1,664,344	-	15,419,468
Depreciation expense	-	32,962	273,171	528,759	167,042	-	1,001,934
Disposals	-	-	-	(1,025,449)	(109,572)	-	(1,135,021)
Balance at 30 June 2023	-	747,243	4,931,311	7,886,013	1,721,814	-	15,286,381
Net book value							
As at 30 June 2022	4,895,544	1,158,516	14,673,232	2,615,228	397,935	5,652	23,746,107
As at 30 June 2023	4,895,544	1,125,554	14,522,654	2,977,221	377,866	5,652	23,904,491

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

NOTE 14. INVESTMENT PROPERTIES

	Freehold Land (\$)	Leasehold Land (\$)	Building (\$)	Work in Progress (\$)	Total (\$)
Gross carrying amount					
Balance at 30 June 2021	8,100,000	2,200,000	40,394,243	3,042,186	53,736,429
Additions	-	-	305,786	2,762,185	3,067,971
Change in fair value	550,000	150,000	(700,000)	-	-
Balance at 30 June 2022	8,650,000	2,350,000	40,000,029	5,804,371	56,804,400
Acquisitions	1,300,000	-	-	-	1,300,000
Additions	-	-	161,882	1,083,723	1,245,605
Transfers	-	-	6,811,701	(6,811,701)	-
Balance at 30 June 2023	9,950,000	2,350,000	46,973,612	76,393	59,350,005

(a) Investment Property Valuations

Investment properties comprises of five properties of which two are commercial properties leased to third parties, one is residential property leased to third parties, and two are vacant land. Changes in fair values are recognised as gains or losses in profit or loss and included in 'other income' or 'operating expenses' as appropriate. All gains or losses are unrealised.

Fair value hierarchy

The fair value of investment properties was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Company's investment property annually. The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. There were no transfers into or out of Level 3 in 2023 and 2022.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Income capitalisation: The valuation model considers the estimated net rental income from the property after allowing for the outgoings from management, ground rental, insurance, repairs and maintenance and other related property outgoings. The potential income derived from the property is directly related to the capital value.	<ul style="list-style-type: none"> Annual rental income Outgoings Capitalisation rate: (2023: 7.5% - 9.0%; 2022: 7.5% - 9.5%) 	The estimated fair value would increase (decrease) if adjustments for: <ul style="list-style-type: none"> annual rental income was higher (lower) outgoing was lower (higher) capitalisation rate was lower (higher)
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate, vacancy rate and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.	<ul style="list-style-type: none"> Expected market rental growth: (2023: 3% - 5%; 2022: 3% - 5%). Vacancy rate: (2023: 2% - 14%; 2022: 2% - 22%) Risk adjusted discount rate: (2023: 9%; 2022: 9% - 9.5%) Capitalisation rate: (2023: 8%; 2022: 7.5% - 8%) Period of cash flows: (2023: 10 years; 2022: 10 years) 	The estimated fair value would increase (decrease) if adjustments for: <ul style="list-style-type: none"> expected market rental growth were higher (lower); the vacancy rate was lower (higher); the risk adjusted discount rate was lower (higher) the capitalisation rate was lower (higher) period of cash flow was higher (lower)

NOTE 14. INVESTMENT PROPERTIES (continued)

(b) Security Over Investment Properties

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

(c) Capitalisation of Borrowing Costs

Borrowing costs amounting to \$76,972 (2022: \$138,739) in relation to the construction of the JetPoint Stage 5 Building and Harbour Point Stage 2 building were capitalized to investment properties during the year.

(d) Amounts recognised in profit or loss

During 2023, investment property rentals of \$4,468,319 (2022: \$3,236,450) were included in 'Other income' (see Note 6). Maintenance expense, included in 'Operating expenses'.

NOTE 15. LEASES **2023** **2022**

(a) As a lessee

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

Right-of-use assets

Balance at 1 July	\$	4,811,798	3,232,441
Additions		1,389,279	2,464,395
Depreciation charge for the year		(757,888)	(885,038)
Balance at 30 June		<u>5,443,189</u>	<u>4,811,798</u>

Lease liabilities

Maturity analysis - contractual undiscounted cash flows

Less than one year	1,156,497	852,322
One to five years	2,916,491	2,689,288
More than five years	3,710,865	3,684,719
	<u>7,783,853</u>	<u>7,226,329</u>

Total undiscounted lease liabilities at 30 June

Lease liabilities included in the statement of financial position at 30 June

Current	886,590	613,104
Non-current	4,909,717	4,496,546
	<u>5,796,307</u>	<u>5,109,650</u>

Amounts recognised in profit or loss

Interest on lease liabilities	265,186	233,976
Variable lease payments not included in the measurement of lease liabilities	-	269,406
	<u>265,186</u>	<u>503,382</u>

Amounts recognised in the statement of cash flows:

Total cash outflow for leases	\$	<u>967,808</u>	<u>1,256,298</u>
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Real estate leases

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

NOTE 15. LEASES (CONT'D)

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

Extension options

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

(b) As a lessor

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

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

NOTE 16. TRADE AND OTHER PAYABLES	2023	2022
Trade payables	\$ 9,921,078	9,072,114
Other payables (a)	4,065,518	4,298,193
VAT payable	79,323	26,132
Dividends payable	10,930	10,930
	<u>14,076,849</u>	<u>13,407,369</u>

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

(a) Other payables include \$2,850,640 (2022: \$2,200,622) of management fee payable to the holding company. Other creditors also include payables to contractors and sub-contractors in respect to the construction of buildings and capital projects.

NOTE 17. INTEREST BEARING BORROWINGS

Current

Bank overdrafts	2,728,827	2,471,501
Bank Loan - BSP Financial Group Limited (a)	567,771	662,155
Bank Loan - BSP Financial Group Limited (b)	-	511,753
Bank Loan - BSP Financial Group Limited (c)	687,985	597,606
Bank Loan - ANZ Banking Group Limited (d)	654,872	547,393
Advance from Fiji Television Limited (e)	1,000,000	1,000,000
Total current borrowings	<u>\$ 5,639,455</u>	<u>5,790,408</u>

Non-Current

Bank Loan - BSP Financial Group Limited (a)	2,096,235	2,781,852
Bank Loan - BSP Financial Group Limited (b)	-	2,074,461
Bank Loan - BSP Financial Group Limited (c)	8,287,903	9,338,280
Bank Loan - ANZ Banking Group Limited (d)	3,840,222	4,127,560
Total non-current borrowings	<u>\$ 14,224,360</u>	<u>18,322,153</u>

NOTE 17. INTEREST BEARING BORROWINGS (CONT'D)

Facilities available to the Company include bank overdrafts. Financing facilities of \$13,000,000 were available to the Company as at 30 June 2023 (2022: \$12,100,000) of which \$2,728,827 (2022: \$2,471,501) was utilised. See also note 25.

Reconciliation of movement of liabilities to cash flows from financing activities

	Borrowings (\$)	Lease liabilities (\$)	Total (\$)
Balance at 1 July 2021	20,401,686	3,499,242	23,900,928
Additions to lease liability	-	2,464,395	2,464,395
Changes from financing cash flows			
Repayment of borrowings	(2,286,069)	-	(2,286,069)
Proceeds from borrowings	4,275,443	-	4,275,443
Repayment of related party	(750,000)	-	(750,000)
Rent concessions	-	(101,071)	(101,071)
Payment of lease liabilities	-	(752,916)	(752,916)
Total changes from financing cash flows	1,239,374	(853,987)	385,387
Other changes - Liability related			
Interest expense	808,051	233,976	1,042,027
Interest paid	(808,051)	(233,976)	(1,042,027)
Total liability related other changes	-	-	-
Balance at 30 June 2022	21,641,060	5,109,650	26,750,710
Addition to lease liability	-	1,389,279	1,389,279
Changes from financing cash flows			
Repayment of borrowings	(5,046,214)	-	(5,046,214)
Proceeds from borrowings	540,142	-	540,142
Payment of lease liabilities	-	(702,622)	(702,622)
Total changes from financing cash flows	(4,506,072)	(702,622)	(5,208,694)
Other changes - Liability related			
Interest expense	672,266	265,186	937,452
Interest paid	(672,266)	(265,186)	(937,452)
Total liability related other changes	-	-	-
Balance at 30 June 2023	17,134,988	5,796,307	22,931,295

- (a) The loan has been taken for construction of Carpark and Retailing complex at JetPoint complex in Martintar, Nadi. The loan is subject to variable interest rate. Bank loan is payable at monthly repayments of \$65,000 plus interest.
- (b) The loan has been taken for construction of Apartment complex in Clarke Street, Suva. The loan is subject to variable interest rate. The loan has been fully paid during the year.
- (c) The loan has been taken for construction of a three-level building at JetPoint complex in Martintar, Nadi. The loan is subject to variable interest rates. Bank loan is payable at monthly repayments of \$80,000 plus interest.
- (d) The loan has been taken for construction of a two level building at HarbourPoint complex in Lami. The loan is subject to variable interest rates. Bank loan is payable at monthly repayments of \$60,000 plus interest.
- (e) Advance from Fiji Television Limited, a fellow subsidiary company, is subject to interest at a competitive rate, unsecured and is repayable on demand.

NOTE 17. INTEREST BEARING BORROWINGS (CONT'D)

Particulars relating to secured borrowings:

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

- i) First Registered General Security Interest Agreement entered into by RB Patel Group Limited over all its rights, property and undertakings; of whatsoever kind and wherever situated. Whether present or after acquired. It includes its capital (called or uncalled and paid or unpaid capital).
- ii) Registered first mortgage over property (CT No. 7082) situated at Queens Road, Martintar, Nadi.

The bank loan (together with letter of credit and guarantee facilities) from ANZ Banking Group Ltd is secured by:

- i) Registered first mortgage over the property (CT No. 39150) situated at Queens Road, Suvavou, Lami.

The Company did not have any defaults of principal or interest or other breaches with respect to its borrowings during the years ended 30 June 2023 and 2022.

NOTE 18. PROVISIONS

	<u>2023</u>	<u>2022</u>
Employee benefits	\$ 104,494	111,599

NOTE 19. DEPOSITS

Deposits from tenants	<u>460,687</u>	<u>349,386</u>
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NOTE 20. SHARE CAPITAL

Issued and paid up capital		
150,000,000 (2022: 150,000,000) ordinary shares	<u>15,000,000</u>	<u>15,000,000</u>

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

NOTE 21. DIVIDENDS PAID, DECLARED OR PROPOSED

Final dividend paid - 2.7 cents per share (2022: 1.2 cents)	4,050,000	1,800,000
Interim dividend paid - 2.0 cents per share (2022: 2 cents)	<u>3,000,000</u>	<u>3,000,000</u>
	\$ <u>7,050,000</u>	<u>4,800,000</u>
Dividends per share	<u>4.7 cents</u>	<u>3.2 cents</u>

The final dividend paid relates to the year ended 30 June 2022 and the interim dividend paid relates to the year ended 30 June 2023.

NOTE 22. EARNINGS PER SHARE

Basic and Diluted Earnings Per Share

The calculation of earnings per share at 30 June 2023 was based on the profit attributable to ordinary shareholders of \$7,702,469 (2022: \$10,959,991) and a weighted average number of ordinary shares outstanding of 150,000,000 (2022: 150,000,000), calculated as follows:

	<u>2023</u>	<u>2022</u>
Profit after income tax attributable to members of the Company	\$ 7,702,469	10,959,991
Weighted average number of shares outstanding	150,000,000	150,000,000
Basic and diluted earnings per share	<u>5.1 cents</u>	<u>7.3 cents</u>

NOTE 23. COMMITMENTS

(a) Capital Expenditure Commitments

Capital expenditure commitment is in respect to purchase of land.

Approved by the board and committed	\$ <u>4,980,000</u>	<u>2,141,108</u>
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(b) Management Fees

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

(c) Operating lease - where the Company is the lessor

The Company leases certain properties at varying terms and conditions. The future minimum lease payments receivable under these leases are as follows:

Less than one year	\$ 5,513,525	4,035,859
One to two years	4,526,467	2,873,886
Two to three years	2,816,292	1,788,084
Three to four years	1,786,661	1,134,364
Four to five years	1,036,211	657,897
More than five years	4,999,460	2,258,478
	<u>\$ 20,678,616</u>	<u>12,748,568</u>

(d) Short term lease commitments

The Company has a number of leases with less than 12 months of lease term for which no right of use assets and liabilities have been recognised. The future aggregated minimum lease payments under these leases are as follows:

Less than one year	-	567,948
	<u>\$ -</u>	<u>567,948</u>

NOTE 24. CONTINGENCIES

	<u>2023</u>	<u>2022</u>
Contingent Liabilities		
Letters of credit	171,975	-
Indemnity guarantees	<u>278,238</u>	<u>278,238</u>
Total contingent liabilities	<u>470,213</u>	<u>278,238</u>

NOTE 25. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash and Cash Equivalents

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

Cash on hand and at bank	1,177,768	1,130,514
Bank overdraft	<u>(2,728,827)</u>	<u>(2,471,501)</u>
Total cash and cash equivalents	<u>(1,551,059)</u>	<u>(1,340,987)</u>

(b) Financing Facilities

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

• Bank overdraft - utilised	2,728,827	2,471,501
• Bank overdraft - unutilised	<u>10,271,173</u>	<u>9,628,499</u>
	<u>\$ 13,000,000</u>	<u>12,100,000</u>

NOTE 26. RELATED PARTY DISCLOSURES

(a) Parent company and ultimate parent company

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

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

(b) Directors

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

Yogesh J Karan - Chairman
 Abilash Ram
 Surendra K Patel
 Kavin J Rathod
 Michael Nacola (resigned: 27/03/2023)
 Sereana Matakibau
 Craig W Strong (appointed: 27/03/2023)

(c) Amounts due to and from related parties

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

(d) Transactions with related parties

Significant transactions (transaction value of over \$25,000) with related parties during the year ended 30 June 2023 and 2022 with approximate transaction values are summarized as follows:

Related party	Relationship	Nature of transaction	2023 (\$)	2022 (\$)
FHL Retailing Limited	Holding company	Management fees	6,905,999	5,614,509
Fiji Television Limited	Fellow subsidiary	Advertising expense	76,150	55,403
Fiji Television Limited	Fellow subsidiary	Interest expense	19,998	19,998
Basic Industries Pte Limited	Fellow subsidiary	Purchase of materials	-	48,184
Serendib Investments Pte Limited	Fellow subsidiary	Printing services	-	30,466
Merchant Finance Pte Limited	Fellow subsidiary	Interest received	26,381	24,007
Merchant Finance Pte Limited	Fellow subsidiary	Rent received	39,150	38,400
Marsh Pte Limited	Shareholder Related Entity	Gross insurance premium	-	529,625
Life Cinema Pte Limited	Fellow subsidiary	Rent income	138,000	46,000
Life Cinema Pte Limited	Fellow subsidiary	Sales	237,330	135,591
Life Cinema Pte Limited	Fellow subsidiary	Administrative support income	48,000	4,000
Life Cinema Pte Limited	Fellow subsidiary	Advances given	-	129,000

(e) Management fees

Management fees expense of \$6,905,999 (2022: \$5,614,509) was incurred for the year and was paid /payable to FHL Retailing Pte Limited. The management fees are payable pursuant to Management Agreement dated 10 June 1999. Upon expiry of the initial term of the management agreement in April 2015, the Company renewed the management agreement for a further 15 years.

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

(f) Key management personnel

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

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

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

	2023 (\$)	2022 (\$)
Salaries and other benefits	603,469	535,189
Post-employment benefits	38,567	26,287
	642,036	561,476

NOTE 26. RELATED PARTY DISCLOSURES (CONT'D)

(f) Key management personnel (cont'd)

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

(g) Key management personnel equity holdings

Fully paid ordinary shares of RB Patel Group Limited

Direct interest in the share capital of the Company by the key management personnel and executive directors is \$Nil (2022: \$Nil).

(h) Directors fees

Directors fees of \$50,000 (2022: \$50,000) was paid to the non-executive directors.

NOTE 27. SEGMENT INFORMATION

A. Basis for segmentation

The Company has the following two strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different marketing strategies and operate in different regulatory requirements.

The following summary describes the operations of each reportable segment:

Reportable segments	Operations
Supermarket	Retailing and wholesaling of general merchandise
Property	Construction and rental of investment properties

The Company's Chief Operating Officer reviews the internal management reports of each division at least monthly.

B. Information about reportable segments

Information related to each reportable segment is set out below. Segment profit (loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments.

	Supermarket \$	Rental \$	Total \$
2023			
External revenues	165,444,612	-	165,444,612
Other income	130,322	4,468,319	4,598,641
Segment revenue	165,574,934	4,468,319	170,043,253
Segment profit (loss) before tax	12,632,570	1,798,009	14,430,579
Interest income	83,759	-	83,759
Interest expense	633,203	682,626	1,315,828
Depreciation	1,001,934	757,888	1,759,822
Other material non-cash items: Impairment losses on trade and other receivables reversed	(203,868)	-	(203,868)
Segment assets	59,350,005	30,403,999	89,754,004
Capital expenditure	1,160,320	2,545,605	3,705,926
Segment liabilities	34,016,325	16,134,987	50,151,311

NOTE 27. SEGMENT INFORMATION (CONT'D)

B. Information about reportable segments (cont'd)

	Supermarket \$	Property \$	Total \$
2022			
External revenues	140,152,328	-	140,152,328
Other income	158,994	3,236,450	3,395,444
Segment revenue	<u>140,416,972</u>	<u>3,236,450</u>	<u>144,752,969</u>
Segment profit (loss) before tax	11,072,599	1,037,736	12,110,335
Interest income	84,157	-	84,157
Interest expense	644,628	699,982	1,344,610
Depreciation	1,050,829	885,038	1,935,867
Other material non-cash items: Impairment losses on trade and other receivables recognised	16,979	-	16,979
Segment assets	29,326,905	56,804,400	86,131,305
Capital expenditure	1,420,878	3,067,971	4,488,849
Segment liabilities	26,303,689	20,575,254	46,878,943

Current assets and current and non-current liabilities cannot be reasonably allocated between operating segments. Accordingly, this information has not been provided under segment information. Non-current assets noted above under 'Property' are those stated as Investment Properties in Note 14 and relate to buildings that are exclusively rented to third parties.

NOTE 28. EVENTS SUBSEQUENT TO BALANCE DATE

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

NOTE 29. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 31 August 2023.