



## ANNUAL REPORT 2015



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## Vision

To be a recognized provider of quality and value-added: meat, protein and their byproducts.

## Mission

FMIB is committed to providing slaughtering service in facilities that are internationally benchmarked for safety, hygiene and quality. FMIB will respond to the needs of diverse markets through humane practises, technological efficiency and adding value to meat and products.

In doing so, FMIB believes in continuous business success and growth built upon customer satisfaction, high ethical standards good business practices and concern for the welfare of our employees. We are committed to fulfilling our responsibility to the Government, the environment, our suppliers and the community in which we operate.



# Values

Customer Focus  
Team Work  
Honesty  
Accountability  
Result Oriented  
Compliance with  
Relevant Meat  
Standards  
Innovation

## Statutory Function

The Fiji Meat Industry Board was established in 1976 under the Meat Act Cap 237 of 1970. In September 2005, the Fiji Meat Industry Board was designated a Commercial Statutory Authority (CSA).

The function of the Fiji Meat Industry Board is to:

- Construct and operate public slaughtering facilities.
- Take steps deemed desirable for the protection, preservation and expansion of the meat industry in Fiji.
- Borrow funds as and when required to effectively discharge its function.
- Purchase, trade or deal in livestock, meat and its byproducts.



## Chairman's Report

Fiji Meat Industry Board (FMIB) serves an important core function for Fiji - we operate public slaughtering facilities in a safe and hygienic manner. This plays a vital role in ensuring that Fijian families are provided meat that is safe for consumption.

The Meat Act Cap 237 mandates us to protect and preserve the Meat Industry in Fiji, a function that we do not take lightly.

2015 was an exciting year for FMIB, as our targeted strategies continue to evolve, and the positive impact of our long-term strategy is realised. Indeed, our results show that we have exceeded our targets, even whilst operating amidst economic challenges.

Our major challenges are:

- The continued decline in livestock numbers, which is beyond our control but still directly affects our income. FMIB does not slaughter to full capacity due to this.
- Our abattoir buildings and equipment are old and needs investment either by Government or by private investors. This will enable new technology and efficiency.
- The review of the Meat Act has been an outstanding issue with the Ministry of Agriculture for some time. The Act is old and does not address the current issues faced by the Meat Industry.

The Board recorded the following key results:

A net profit of \$24,152

Total income of \$3,487,415

FMIB also has a social obligation to Fijians hence it also provides a market for small holder farmers and provides them premium prices so that these farmers are encouraged to produce more.

We are also working very closely with the Ministry of Agriculture, Ministry of Economy and Ministry of Public Enterprises to have our Abattoir and Rendering Plant upgraded.

The Board also promotes good governance in our daily

operations which is reflected in the number of key internal policies introduced over the years in line with industry best practices. Despite various hardships, the Board fulfilled core responsibilities whilst also continuing with the efficient operation of the Meat Industry.

Thank you.



**Timothy Brown**

Fiji Meat Industry Board Chairman



# CEO's Report

Based on our “Target Performance Improvement” program analyzing the slaughtering and rendering process chain, we determine high impact areas of productivity. This has led to an improvement in productivity and production in specific areas, such as the processing of meat and fish meal.

The Board continues to encounter challenges with increasing processing costs. In addition to this, the slaughter fee has not been reviewed since 2006. However, we still manage our resources well to ensure continued profitability and sustainability.

## 1.0 SLAUGHTERING

Our commitment to quality, and to provide hygienic slaughtering for the public in compliance with the Meat Industry Act 1970 is paramount.

All livestock slaughter has been carried out in the presence of Government Meat Inspectors and our own Quality Assurance Officers. Government Meat Inspectors provide meat inspection services and also weighting of carcasses. This ensures that the meat is free from contamination, hygienic, and ultimately safe for our consumers.

FMIB practices humane slaughtering in compliance with the Animal Welfare Act with the use of captive bolt stunning for ruminants and electrical stunning for pigs.

### 1.1 TOTAL SLAUGHTER

Pigs will continue to be the major and growing commodity because of their ability to reproduce. A total of 16,181 pigs were slaughtered, an increase of 973 from 2014. Pigs also continue to form the bulk of our slaughter numbers, this year accounting for 63.99% of our total slaughter numbers.

It is important to note that this does not translate directly to carcass weight. Despite the high number of pigs being slaughtered, pork weight is only 32.28% of the total weight of carcasses. In contrast, there were 8,471 cattle slaughtered which represents only 33.50% of the total slaughter numbers. However, the beef volume is a majority 67.46% of the total weight of carcasses. The proportion of goats slaughtered has increased to 2.38% compared to 2014. Total Sheep and Calves slaughter

number is insignificant, representing less than 1% of total slaughter numbers.

Figure 1: Slaughter Proportion by Species & Number

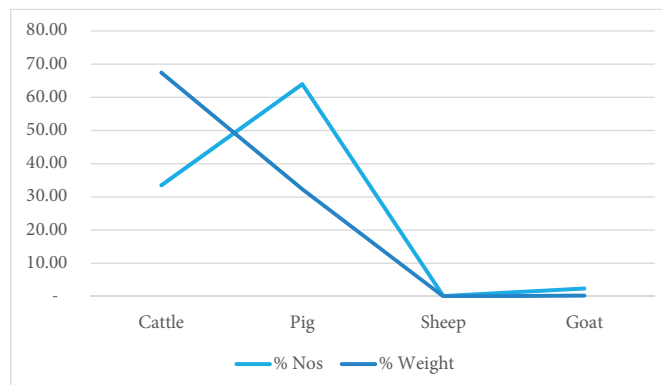


Table 1: FMIB Slaughter Numbers and Weight 2015

Species	Nos	Weight (t)	% Nos	% Weight
Cattle	8471	2042	33.50	67.46
Pig	16181	977	63.99	32.28
Sheep	33	0.39	0.13	0.01
Goat	603	7.56	2.38	0.25
<b>TOTAL</b>	<b>25288</b>	<b>3026.95</b>	<b>100.00</b>	<b>100.00</b>

## 2.0 CATTLE

The total number of cattle slaughtered exceeded 2014 numbers by 11.62%. A total of 8471 were slaughtered compared to 7589 in 2014. Total carcass weight has increased by 9.84%.

We are anticipating slaughter numbers to increase in the next few years after highlighting the need to increase cattle slaughter numbers with the Ministry of Agriculture.

As part of our incentivisation initiatives, we are continually working with several stakeholders to encourage beef farming as a business - providing access to long term leases, low-interest rate on borrowed capital, improved genetics and accessibility to fencing material in conjunction with them.

The Board has also assisted the Ministry of Agriculture with the slaughtering of tuberculosis infected cattle to



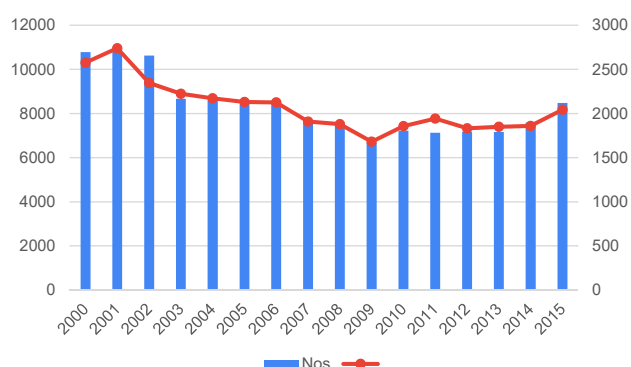
prevent the disease from spreading to other cattle and human beings. Animals that have tested positive are not allowed to be sold.

The Board still offers slaughtering services to the Muslim community during the festival of Gurbani in Month with 35 cattle slaughtered this year. This benefits the Board not only in terms of slaughter fees, but also contributes to the production of other peripheral products like hides and meat meal.

*Table: 2 Cattle Slaughter Numbers and Weight.*

Year	Nos	Weight (t)
2000	10779	2576
2001	10889	2740
2002	10628	2346
2003	8672	2223
2004	8627	2172
2005	8432	2130
2006	8494	2126
2007	7575	1908
2008	7541	1880
2009	6668	1680
2010	7223	1858
2011	7121	1942
2012	7174	1833
2013	7160	1849
2014	7589	1859
2015	8471	2042

*Figure 2 Cattle Slaughter Data 2000 - 2015*



## 2.1 MAGITI TRADE

The Board invested more than \$115,000 on the Magiti facilities, a new office and the two Chillers in compliance with the Fiji Food Safety Act 2009. The new Magiti facilities not only improved the image of the company it will also reduce the electricity consumption by 30% compared to the usage of Reefer Containers that were used for meat storage. The Board provides a “Magiti” market for the public who require buying whole carcasses especially for the “Itaukei” traditional and social obligations where meat is presented.

Consumers are more health conscious and would prefer dressed carcasses that are hygienically slaughtered and inspected by Meat Inspectors than those slaughtered at the “backyard”. There are also varieties of products available such as primal beef cuts, pork pieces, and tray pack.

The “Magiti” market also provides a readily available market for smallholder farms who are not able to sell the





farm gate to other butchers. Butchers that sell pork have their own piggeries and will not buy from small holders. These butchers are very particular with the quality of pork and would prefer carcasses weighing more than 60kg and lean meat for the processing of bacon and ham.

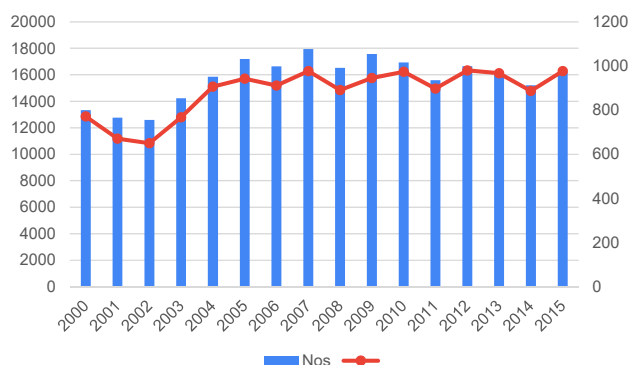
A total of 376 cattle were slaughtered compared to 401 slaughtered in 2014 which declined by 6.23%. The decline was due to the butcher engaging their own “middleman” to avoid paying VAT.

The Board offers competitive buying prices to encourage farmers to produce more and improve the quality of beef with market preference for lean and tender meat.

### 3.0 PIGS

Total number of pigs slaughtered increased by 6.40% with 16,181 slaughtered compared with 15,208 slaughtered in 2014. A total of 977 tons was produced this year compared to 887 tons produced in 2014.

Figure 5: Pig Slaughter Numbers and Weight 2000 - 2015



Year	Nos	Weight (t)
2000	13332	772
2001	12767	671
2002	12606	650
2003	14227	768
2004	15858	906
2005	17195	943
2006	16632	911
2007	17936	977
2008	16532	891
2009	17563	946
2010	16934	974
2011	15599	898
2012	16655	980
2013	16109	967
2014	15208	887
2015	16181	977

Table 5: Pig Slaughter Data 2000 - 2015

### 3.1 PIG MAGITI TRADE

The number of pigs slaughtered for Magiti was 1761. The buying price offered by FMIB for Magiti pigs are



quite competitive, an incentive for farmers to increase

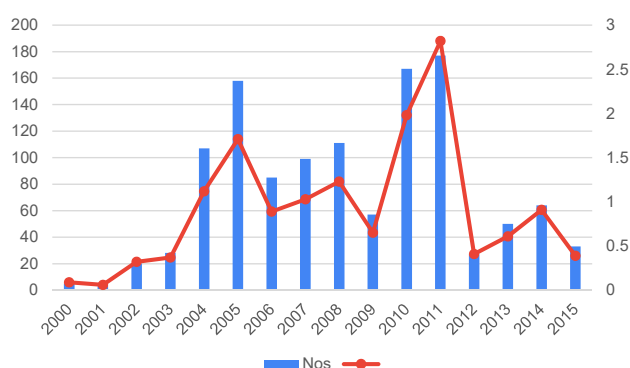
Year	Nos	Weight (t)
2000	1373	15.3
2001	1458	17
2002	1288	14.7
2003	1113	13.2
2004	1341	15.5
2005	1458	17
2006	1254	14.6
2007	1207	13.62
2008	1283	13.83
2009	946	11.28
2010	1129	12.63
2011	1129	12.32
2012	293	3.3
2013	169	1.92
2014	538	6.6
2015	603	7.56

production. This will encourage farmers to raise fast growing exotic pig breeds with dress weight 35kg to 50kg.

## 4.0 GOAT

Total number of goats increased to 603 compared to 538 slaughtered in 2014. Total goat meat produced also increased to 7.56 tons compared to 6.59 tons produced in 2014.

Figure 6: Goat Slaughter Data 2000 - 2015



Year	Nos	Weight (t)
2000	5	0.09
2001	3	0.06
2002	20	0.32
2003	28	0.37
2004	107	1.12
2005	158	1.71
2006	85	0.89
2007	99	1.03
2008	111	1.23
2009	57	0.65
2010	167	1.98
2011	177	2.82
2012	27	0.41
2013	50	0.61
2014	64	0.91
2015	33	0.39

Table 7: Goat Slaughter Numbers and Weight

## 5.0 SHEEP

There were only 33 sheep slaughtered in 2015 compared to 64 slaughtered in the previous year. The decline was due to strict restrictions placed on the slaughter of female sheep.

There is a high demand for local mutton which is considered premium quality due to its low fat content as compared to imported mutton. Despite the introduction of the breeders to the farmers in the early 1980's sheep population is still low due to worm infestations, poor husbandry and theft.

Figure 7: Sheep Slaughter Data 2000 - 2015

Table 8: Sheep Slaughter Numbers and Weight

## 6.0 RENDERING

This Rendering Section produced more than 647 tons of



Meat Meal and Fish Meal. This is the highest ever produced since the establishment of the Abattoirs. This was only achieved through the dedication and the commitment of employees who worked tirelessly operating the Rendering on the three shift operations. The result shows well-coordinated work between the three fish processing companies (Tossa, Tri Pacific, Golden Ocean) and FMIB ensuring that all fish waste are processed.

FMIB needs to process fish waste to sustain its rendering operations profitably and to provide extra days of work for its employees.

On the other hand, it assists pig farmers who supply FMIB for a much quicker turnover as it boosts the pig's growth rate. Meat Meal and Fish Meal are excellent sources of protein and average crude protein level of 48% and 65% respectively.

## 7.0 HIDE PRODUCTION

The hide quality has improved with minimal damages incurred during skinning. A total of 10,520 hides were salted compared to 7,473 in 2014, which is an increase of 40.77%. This was primarily exported to Australia.

## 8.0 LIVESTOCK UNIT

The Livestock unit focuses more on cattle raised in its farm, carrying out husbandry practices such as drenching, dehorning and castration. The unit also liaises with livestock farmers who want to sell their livestock to the Abattoir to ensure consistency in the supply of livestock to the Abattoir.

Pregnant and underweight cattle are bought on live weight basis and kept at Nasinu Abattoir until calving or when they reach the required weight for slaughter.

## 9.0 QUALITY ASSURANCE

The Quality Assurance Team ensures that the meat is safe for human consumption by demonstrating its ability to control food safety hazards. The team also handles customer complaints, queries and customer feedback. It also establishes, documents and maintains procedures to ensure that quality records are used to demonstrate achievement of the required quality system. A lot of monitoring work is done on chiller temperature and carcass condition which all contribute to the quality of the finished product.

Slaughtering, delivery and cleaning procedures were closely monitored with data collated and analyzed for Audit purposes and general data for FMIB.

### 9.1 COMPLIANCE

Deliveries for both beef and pork carcasses are compliant with Food Safety Act 2009 with carcass temperature from the Abattoir maintained right to the doorstep of the butchers.

The Board and the Ministry of Agriculture continue to monitor and impose a strict ban on slaughtering of female cattle. Only female cattle that are unsuitable for breeding are slaughtered with approval from the Ministry.

FMIB continues to slaughter brucellosis and tuberculosis infected cattle strictly following standard operating procedures to ensure the health and safety of workers.

There has been very little improvement carried out on the Abattoir since its establishment in the early 1970's even though there are now new legislations and requirements on food handling, security and hygiene.

This has adversely affected the Board's ability to enter and penetrate new markets like the tourism industry and large restaurants. The demand for high quality beef is being met by importation from overseas producers.

FMIB is also looking at improving critical areas such as Chillers, Delivery Trucks and the Hot Water System.

## 10.0 FINANCIAL PERFORMANCE

FMIB earned a total of \$3,487,415 in 2015 compared to \$3,208,480 in 2014. The reason for the increase was due to the increase in revenue from our abattoir operations.

The total operating expenditure for 2015 was \$3,384,659 compared to \$3,336,835 in 2014. The increase in expenses was due to an increase in staff numbers by 14 for 2015. The operating profit for the year 2015 was \$24,152 compared to \$109,371 in 2014.

### 10.1 FINANCIAL POSITION

The current assets of FMIB totaled \$887,816 in 2015 and



non current assets were \$2,049,228. Total assets as at 31st December 2015 were \$2,937,044. The current liability in 2015 was \$417,400 and non current liability was \$1,259,186. This long term liability is the loan taken from FDB in 2004 for Tannery. Total equity for FMIB stood at \$1,260,458 in 2015, which shows positive signs of growth.

## 11. HUMAN RESOURCES

### **Manpower**

The total workforce at the end of December 2015 was 95 which included a pool of 15 casual workers. FMIB lost fifteen (15) staff through resignations. There were 5 recruitment and selection drives carried out during the year. The position of Vuda Manager was recruited early in the year as the vacant position of Suva Abattoir Manager was filled through the transfer of existing Vuda Manager.

### **Training**

There were 7 training and development programs attended by various staff during the year. This included in-house trainings on Standard Operating Procedures of slaughter floors and HR induction.

### **Industrial Relations**

There was one case registered at Mediation Services early in the year and after two sessions it was referred to the Tribunal. The said employee withdrew his case from the Tribunal and the matter was closed.

### **Performance Management System and Job Evaluation**

The Board received an approval for the payout of staff bonus for year 2013 in May and bonus payouts were made accordingly. The PMS is implemented across the board and Management carries out its continuous monitoring and assessments as per the criteria.

The implementation of the Job evaluation report awaits approval of slaughter fee which will fund the process.





## AUDITOR GENERAL'S REPORT



# OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



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## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements of Fiji Meat Industry Board

I have audited the accompanying financial statements of the Fiji Meat Industry Board, which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on Notes 1 to 21.

#### *Directors' and Management's Responsibility for the Financial Statements*

Directors' and management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Meat Industry Act 1985. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I have conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence that I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Audit Opinion**

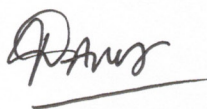
In my opinion:

- a) proper books of account have been kept by the Fiji Meat Industry Board, so far as it appears from my examination of those books; and



- b) the accompanying financial statements which have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities:
- i) are in agreement with the books of account; and
  - ii) to the best of my information and according to the explanations given to me:
    - a) give a true and fair view of the state of affairs of the Fiji Meat Industry Board as at 31 December 2015 and of the results, movement in equity and cash flows of the Board for the year ended on that date; and
    - b) give the information required by the Meat Industry Act in the manner so required.

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



Ajay Nand  
**AUDITOR GENERAL**



Suva, Fiji  
8 January 2018



**FIJI MEAT INDUSTRY BOARD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	2015 \$	2014 \$ (Re-stated)
<b>Revenue</b>			
Operating income	4	3,337,475	3,095,161
Release of deferred income		73,600	73,600
Other income	5(a)	76,340	39,719
<b>Total Revenue</b>		<b>3,487,415</b>	<b>3,208,480</b>
<b>Less:</b>			
Changes in inventories - finished goods		(800,752)	(804,017)
Raw materials and consumables used		(165,847)	(202,404)
Staff costs		(990,899)	(902,312)
Depreciation expense		(309,248)	(321,561)
Other operating expenses	5(b)	(1,117,913)	(1,106,541)
<b>Profit from operations</b>		<b>102,756</b>	<b>(128,355)</b>
Finance Cost	5(c)	(78,604)	(81,372)
<b>Net Profit / (loss) from Operations</b>		<b>24,152</b>	<b>(209,727)</b>
<b>Other Comprehensive Income</b>			
Land sale		-	304,348
Gain on Sale		-	14,750
<b>Total comprehensive income for the year</b>		<b>24,152</b>	<b>109,371</b>

The accompanying notes form an integral part of this Statement of Comprehensive Income.

**FIJI MEAT INDUSTRY BOARD**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**

	Notes	2015 \$	2014 \$ (Re-stated)
<b>Current assets</b>			
Cash & cash equivalents	6	111,223	88,024
Held - to - maturity investment	7	249,950	404,838
Trade and other receivables	8	440,985	417,831
Inventories	9	85,658	99,613
		<u>887,816</u>	<u>1,010,306</u>
<b>Non-current assets</b>			
Property, plant & equipment	10	2,049,228	2,068,222
		<u>2,049,228</u>	<u>2,068,222</u>
<b>Total Assets</b>		<u><b>2,937,044</b></u>	<u><b>3,078,528</b></u>
<b>Current liabilities</b>			
Trade creditors & payables	11	226,960	342,838
Interest bearings borrowings	12 (a)	190,440	144,000
		<u>417,400</u>	<u>486,838</u>
<b>Non Current Liabilities</b>			
Interest bearing borrowings	12 (b)	824,486	847,084
Deferred income	13	434,700	508,300
		<u>1,259,186</u>	<u>1,355,384</u>
<b>Total Liabilities</b>		<u><b>1,676,586</b></u>	<u><b>1,842,222</b></u>
<b>NET ASSETS</b>		<u><b>1,260,458</b></u>	<u><b>1,236,306</b></u>
<b>Equity</b>			
Retained earnings		1,260,458	1,236,306
<b>TOTAL EQUITY</b>		<u><b>1,260,458</b></u>	<u><b>1,236,306</b></u>

The accompanying notes form an integral part of this Statement of Financial Position.

For and on behalf of the Board.

  
Chairman

  
Director



**FIJI MEAT INDUSTRY BOARD**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	Retained Earnings \$	Total \$
Balance as at 31 December 2013 - restated		1,126,935	1,126,935
Profits for the year- restated		109,371	109,371
<b>Balance as at 31 December 2014</b>		<u>1,236,306</u>	<u>1,236,306</u>
Profits for the year		24,152	24,152
<b>Balance as at 31 December 2015</b>		<u>1,260,458</u>	<u>1,260,458</u>

The accompanying notes form an integral part of this Statement of Changes in Equity.



**FIJI MEAT INDUSTRY BOARD**  
**STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	2015 \$	2014 \$
<b>Operating activities</b>			
Receipts from customers		3,568,703	3,412,169
Payments to suppliers, creditors and employees		(3,200,488)	(2,893,155)
Interest and Finance costs paid		(78,604)	(81,372)
<b>Net cash flows from(used in) operating activities</b>		<b>289,611</b>	<b>437,642</b>
<b>Investing activities</b>			
Payments for plant and equipment		(290,254)	(283,097)
Payment for investment		-	(198,431)
<b>Net cash flows from investing activities.</b>		<b>(290,254)</b>	<b>(481,528)</b>
<b>Financing activities</b>			
Net (repayments) of long term loan		23,842	(83,740)
<b>Net cash flows from financing activities.</b>		<b>23,842</b>	<b>(83,740)</b>
Net (decrease)/increase in cash and cash equivalents		23,199	(127,626)
Cash and cash equivalent at the beginning of the year		88,024	215,650
<b>Cash and cash equivalents at 31 December</b>	<b>6</b>	<b>111,223</b>	<b>88,024</b>

The accompanying notes form an integral part of this Statement of Cashflow.

**FIJI MEAT INDUSTRY BOARD**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**1 GENERAL INFORMATION**

The Fiji Meat Industry Board (Board) was established in 1976 under the Meat Act Cap 237 of 1970.

The function of the board is to:

- Construct and operate public slaughtering facilities;
- Take steps deemed desirable for the protection, preservation and expansion of the meat industry in Fiji;
- Borrow funds as and when required to effectively discharge its function; and
- Purchase, trade or deal in livestock, meat and its by-product.

**2 BASIS OF PREPARATION**

The principal accounting policies adopted by Fiji Meat Industry Board are stated to assist in the general understanding of these financial statements. These policies have been consistently applied except as otherwise indicated.

*Statement of Compliance*

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities ("IFRS for SMEs") issued by the International Accounting Standards Board. The financial statements are presented in Fiji dollars and all values are rounded to the nearest dollar.

The financial report has been prepared on the basis of historical costs and except where specifically stated do not take into account current valuations of non-current assets.

*Judgements, estimates and assumptions*

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

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

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Property, Plant and Equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation has been calculated using straight line method based on an assessment of the economic life of the assets. The economic life of assets has been estimated as follows:

Leasehold land	Over the lease period.
Land, yard and roadmaps	55, 75 years
Buildings and improvement	10,20,40,60 and 80 years
Plant, furniture and equipment	1-5, 10 and 20 years
Motor vehicles	5 years



**FIJI MEAT INDUSTRY BOARD**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.1 Property, plant and equipment (continued)**

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

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

**3.2 Capital Grants**

The cost of assets acquired by the Board which are funded by way of a Government or similar grant is recognised as deferred income on receipt of the grant and released to income when all attached conditions have been complied with.

**3.3 Inventory**

Inventories are valued at the lower of cost and net realisable value. The cost of raw materials and spare parts include all costs of acquisition, calculated on the weighted average basis. Finished goods are determined on a consistent basis, comprising prime costs and an appropriate proportion of fixed and variable overhead expenses. Livestock valuation is based on market value less estimated point of sale costs.

**3.4 Trade and Other Receivables**

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of receivables is established when there is objective evidence that the Board will not be able to collect all amounts due according to the original terms of receivables. A provision is raised for any doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified.

**3.5 Trade and Other Payables**

Trade payables are obligations on the basis of normal credit terms and do not bear interest. These amounts represent liabilities for goods and services provided to Board prior to end of financial year and which are unpaid.

**3.6 Income Tax**

The Board is exempt from income tax under section 13 of the Meat Industry Act and section 17 (4) of the Income Tax Act.

**3.7 Foreign Currency**

Assets and liabilities in foreign currencies are translated into Fiji currency at exchange rates prevalent at balance date. Foreign currency transactions during the year are translated into Fiji currency at the rate of exchange prevailing on the date of the transactions. All differences are taken to profit or loss.

**3.8 Employee Benefits**

Liabilities for wages and salaries are recognized and are measured as the amount unpaid at the reporting date at current pay rates in respect of employee services up to that date.



**FIJI MEAT INDUSTRY BOARD**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.9 Cash and Cash Equivalents**

Cash and cash equivalents are carried in the Statement of Financial Position at cost. For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash on hand and at bank and short term deposits with a maturity of three months or less. Term deposits with a maturity of more than three months are classified as held-to-maturity investments.

**3.10 Revenue Recognition**

Operating revenue represents revenue earned from the sale of the board's products, net of returns, trade allowances and taxes.

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and revenue can be reliably measured.

**3.11 Leased Assets**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Board. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognized as assets of the Board at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rental payable under operating leases are charged to profit or loss on straight-line basis over the term of the relevant lease.

**3.12 Borrowing Cost**

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

**3.13 Impairment of Assets**

At each reporting date, property, plant and equipment are reviewed to determine whether there is any indication that those have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognized immediately in profit or loss.



**FIJI MEAT INDUSTRY BOARD****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2015****3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.13 Impairment of Assets (continued)**

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**3.14 Comparative**

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

**3.15 Segment Information**

The business segments identified in the primary reporting disclosures are Abattoir, Magiti and Others. Other operations of the company comprise of beef cattle fattening operation. The Board only operates in Fiji where it has two sites - Nakasi and Vuda.

Tannery operations was discontinued in 2006. Machines relating to Tannery were sold and realised as a gain in 2012.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment. Segment assets include all assets used by a segment and consist primarily of cash, receivables, inventories and property, plant and equipment, net of related provisions. Segment liabilities consist primarily of trade and other creditors and provisions.

While revenue can be directly attributable to the business and segments, expenses, assets and liabilities could not be reasonably allocated.

**4 SEGMENT INFORMATION****a) Primary reporting - Business Segments**

	2015	2014
	\$	\$
<b>Revenue</b>		
Abattoir	(2,236,712)	1,980,358
Magiti	(1,087,416)	1,105,318
Other	(13,347)	9,485
	<u>(3,337,475)</u>	<u>3,095,161</u>

**FIJI MEAT INDUSTRY BOARD**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015	2014
	\$	\$
<b>4 SEGMENT INFORMATION (continued)</b>		
<b>Results</b>		
Abattoir	2,223,887	1,978,587
Magiti	309,806	308,620
Other	3,031	3,936
	<u>2,536,724</u>	<u>2,291,143</u>
Unallocated Revenue	223,540	506,017
Unallocated Expenses	(2,583,908)	(2,532,817)
Unallocated Finance costs	(78,604)	(81,372)
Net Profit	<u>97,752</u>	<u>182,971</u>
<b>Segment Assets</b>		
Abattoir	<u>2,049,228</u>	<u>2,068,222</u>
	<u>2,049,228</u>	<u>2,068,222</u>
<b>5 OTHER REVENUE AND EXPENSES</b>		
<b>(a) Other Income</b>		
Interest	4,805	4,494
Rent	1,099	1,000
Miscellaneous revenue	70,436	34,225
	<u>76,340</u>	<u>39,719</u>
<b>(b) Other operating expenses</b>		
Professional Fees	-	19,172
Honorarium board allowance	30,499	33,500
Rates	41,639	41,070
Chemicals	114,852	54,174
Insurance	61,185	57,349
Slaughtering fees	58,568	60,199
Utility charges	281,191	383,217
Operation and maintenance	205,926	247,546
Other operating costs	324,053	210,314
	<u>1,117,913</u>	<u>1,106,541</u>
<b>(c) Finance Cost</b>		
Interest on bank loan	67,907	73,607
Bank charges	10,697	7,765
	<u>78,604</u>	<u>81,372</u>



**FIJI MEAT INDUSTRY BOARD**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015	2014
	\$	\$
<b>6 CASH AND CASH EQUIVALENTS</b>		
For the purposes of Statement of Cash Flows, cash includes cash on hand, cash at bank and short term deposits. Cash at the end of the reporting period as shown in the statement of cash flows comprises:		
Cash on hand and at bank	<u>111,223</u>	<u>88,024</u>
<b>7 HELD-TO-MATURITY INVESTMENTS</b>		
Term deposits - Credit Corporation	<u>249,950</u>	<u>404,838</u>
Term deposits are placed with licensed commercial banks and financial institutions and typically have terms more than 3 months and less than one year.		
<b>8 TRADE AND OTHER RECEIVABLES</b>		
Trade debtors	440,645	422,774
Less: Provision for doubtful debts	<u>(25,000)</u>	<u>(25,000)</u>
	415,645	397,774
Other receivables	<u>25,340</u>	<u>20,057</u>
	<u>440,985</u>	<u>417,831</u>
<b>9 INVENTORY</b>		
Raw materials	35,685	44,130
Finished goods	32,276	25,564
Livestock	<u>17,697</u>	<u>29,919</u>
	<u>85,658</u>	<u>99,613</u>
<b>10 PROPERTY, PLANT AND EQUIPMENT</b>		
(a) Property, plant and equipment are included in the accounts on the following basis:		
Leasehold improvements	678,661	674,835
Less: Accumulated Depreciation	<u>316,027</u>	<u>305,928</u>
	<u>362,634</u>	<u>368,907</u>
Building	1,394,892	1,392,861
Less: Accumulated Depreciation	<u>873,671</u>	<u>835,453</u>
	<u>521,221</u>	<u>557,408</u>
Plant, Furniture and Equipment	2,950,101	2,665,704
Less: Accumulated Depreciation	<u>2,382,875</u>	<u>2,245,573</u>
	<u>567,226</u>	<u>420,131</u>
Motor Vehicles	1,179,594	1,179,594
Less: Accumulated Depreciation	<u>581,447</u>	<u>457,818</u>
	<u>598,147</u>	<u>721,776</u>
Total Written Down Value	<u>2,049,228</u>	<u>2,068,222</u>

**FIJI MEAT INDUSTRY BOARD**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

<b>10 PROPERTY, PLANT AND EQUIPMENT (continued)</b>					
<b>Cost</b>	<b>Land, yard and roadways \$</b>	<b>Building \$</b>	<b>Plant, furniture and Equipment \$</b>	<b>Motor Vehicles \$</b>	<b>Total \$</b>
At 1 January 2015	674,835	1,392,861	2,665,704	1,179,594	5,912,994
Additions	3,826	2,031	284,397	-	290,254
Disposals	-	-	-	-	-
At 31 December 2015	678,661	1,394,892	2,950,101	1,179,594	6,203,248
<b>Accumulated depreciation</b>					
At 1 January 2015	305,928	835,453	2,245,573	457,818	3,844,772
Depreciation	10,099	38,218	137,302	123,629	309,248
Disposals	-	-	-	-	-
At 31 December 2015	316,027	873,671	2,382,875	581,447	4,154,020
<b>Carrying amount</b>					
At 31 December 2015	362,634	521,221	567,226	598,147	2,049,228
At 31 December 2014	368,907	557,408	420,131	721,776	2,068,222



**FIJI MEAT INDUSTRY BOARD**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015	2014
	\$	\$
<b>11 TRADE CREDITORS &amp; PAYABLES</b>		
Trade Creditors	138,706	278,953
Other Creditors and accruals	88,254	63,885
	<u>226,960</u>	<u>342,838</u>

**12 INTEREST BEARING BORROWING**

**(a) Current**

Term loan - Bred Bank	144,000	144,000
Merchant Finance Loan	46,440	-
	<u>190,440</u>	<u>144,000</u>

**(b) Non-Current**

Term loan - Bred Bank	764,860	847,084
Merchant Finance Loan	59,626	-
	<u>824,486</u>	<u>847,084</u>

In November 2013, the Board refinanced its term loan with Fiji Development Bank to Bred Bank. Security given to Bred Bank comprises of first mortgage over CL 167924 ( Lot 5 on DP 6566, Lot 1 & 2 on DP 7723) with improvements thereon. Interest on the loan with Bred Bank is charged at a rate of 5.75% per annum.

Merchant Finance loan related to loan taken by the Board in 2015 to purchase 2 brand new ford ranger. The payment for one year is \$46,440 and the remaining amount in term liability is \$59,626.

**13 DEFERRED CAPITAL GRANTS**

Opening balance	508,300	655,500
Additions	-	-
Released to income	(73,600)	(147,200)
Closing balance	<u>434,700</u>	<u>508,300</u>

The Board received two fully refrigerated trucks at a cost of \$333,500 in the form of government grant from the Ministry of Agriculture. Two fully refrigerated trucks were also received from the same Ministry in 2012.

**FIJI MEAT INDUSTRY BOARD****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**14 RELATED PARTY TRANSACTIONS****(a) Directors**

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

Timothy Brown (Chairman)  
Sevuloni Debalevu  
Simon Cole  
Elizabeth Talica  
Martin Compain  
Permanent Secretary for Agriculture  
Permanent Secretary for Health  
Permanent Secretary for Public Enterprises  
Permanent Secretary for Finance

The names of persons who were key management personnel at any time during the financial year are as follows:

Steven Ting	-	Chief Executive Officer
Vimal Chand	-	General Manager Finance and Corporate Services
Salesh Chandra	-	Manager Vuda Abattoir
Shareen Sharma	-	HR Executive/PA to CEO

**(b) Transactions with related parties**

Transactions with related parties during the year ended 31 December 2014 with approximate transaction values are summarized below.

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Directors fees	30,499	33,500

**(c) Key management personnel**

Remuneration of key personnel	193,274	191,754
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**15 OPERATING LEASE COMMITMENTS**

The Board has a lease agreement with the Government of the Republic of Fiji to lease Lot 1 on plan DP4788 Wainibuku, Naitasiri. The terms of the lease agreement is for a period of 99 years ending on 1 July 2075. Under the agreement, rent is payable at the rate of \$6,095 per annum.

The Board has a lease agreement with the i-taukei Land Trust Board to lease Lot 2 of Plan S. 0132 at Naciriyawa, Vuda, Ba. The terms of the lease agreement is for a period of 75 years ending on 1 January 2057. Under the agreement, rent is payable at the rate of \$16,349 per annum.



**FIJI MEAT INDUSTRY BOARD**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

**15 OPERATING LEASE COMMITMENTS (continued)**

**Analysis of lease commitments**

Future minimum lease payable under non-cancellable operating leases as at 31 December are, as follows:

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Minimum lease payments under operations leases recognised as an expense during the year	22,444	22,444
Payable not later than 1 year	22,444	22,444
Payable later than 1 year but not later than 5 years	67,332	112,220
Payable later than 5 years	940,138	917,694
	<b>1,029,914</b>	<b>1,052,358</b>

**16 CAPITAL COMMITMENTS**

There were no capital commitments as at 31 December 2015 (2014: Nil).

**17 CONTINGENT LIABILITIES/GUARANTEES**

- (a) An employment grievance matter is with the Employment Tribunal. The Board is represented by O'Driscoll & Co. Atunaisa Maitoga was terminated following suspension from service on 11 March 2010. He was alleged for consuming alcohol on the premises during his shift and discharged duties before end of his shift without following proper procedures. Atunaisa reported the matter to Ministry of Labour and a mediation session was attended by both parties. The matter was referred to Employment Relations Tribunal. This case has not been finalized yet. The contingent liability which may arise is \$12,000.
- (b) Bank guarantee (ANZ) of \$13,000 as security deposit with the Fiji Electricity Authority.

**18 SUBSEQUENT EVENTS**

The Board has approved the sale of one acre of land to National Fire Authority for \$400,000 and three acres to Fiji Police Force for \$900,000. Apart from this, there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Board, the results of those operations or the state of affairs of the Board in the subsequent financial period.

**19 RESTATEMENT OF PRIOR YEAR RETAINED EARNINGS**

	<b>Previously reported</b>	<b>Restated 2014</b>
	<b>\$</b>	<b>\$</b>
<b>Statement of Financial Position</b>		
Deferred Income	361,100	508,300
Retained Earnings	1,383,506	1,236,306

The amortisation of grant income amount was incorrectly recorded in the financial statement for the year ended 31 December 2013, and 2014. Adjustment has been made by restating the comparative amounts for 2014. Retained earnings for the year ended 31 December 2014 was incorrectly stated due to errors relating to amortisation of grant income. Adjustment has been made resulting in a decrease in retained earnings by \$147,200 and increase in deferred income by the same amount.

**FIJI MEAT INDUSTRY BOARD**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**20 APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by the board of directors and authorized for issue on 28 December 2017.

**21 REGISTERED OFFICE**

The registered office for the Fiji Meat Industry Board is:

Adi Lady Davila road  
9 1/2 Miles  
Nasinu, Fiji

The Board is a statutory body established by an act of Parliament and is governed under the Ministry of Agriculture.

At balance date, the Board had a total of 95 employees (2014: 81 employees).



## **DIRECTORS**

Timothy Brown - Chairman  
Sevuloni Debalevu  
Simon Cole  
Martin Compain  
Elizabeth Talica  
PS Ministry of Agriculture  
PS Ministry of Public Enterprises  
PS Ministry of Health  
PS Ministry of Finance

## **BANK**

ANZ Bank  
GPO Box 179, Suva  
25 Victoria Parade, Suva

## **AUDITOR**

Auditor General of Fiji  
8th Floor, Ratu Sukuna House,  
Suva

## **LAWYER**

O'Driscoll Lawyers  
22 Carnavon Street, Suva

## **REGISTERED OFFICE**

PO BOX 8070A, Nakasi  
Adi Lady Davila Road,  
9 ½ Miles,  
Nasinu





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