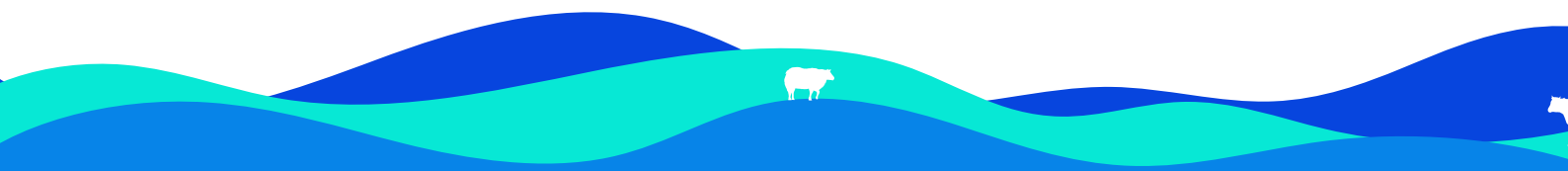


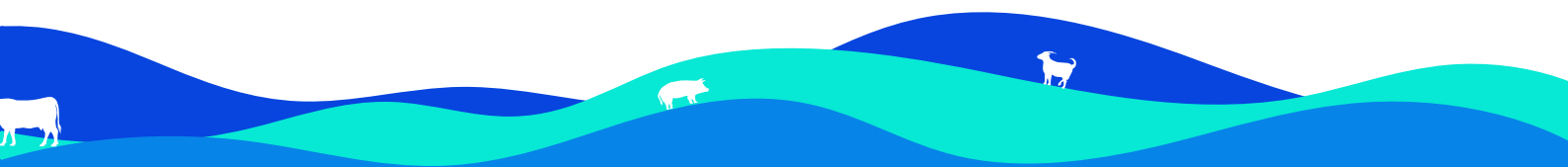


# ANNUAL REPORT 2017



# CONTENTS

Chairman's Report	6
CEO's Report	7
Financial Performance	11
Auditor General's Report	13





## Vision

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

## 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 by-products.



# Chairman's Report

Fiji Meat Industry Board (FMIB) protects and preserves the Meat Industry in Fiji, as stipulated under the Meat Act Cap 237. We consider this a very important role as we ensure the safety of meat for consumption by thousands of Fijian families.

2017 was yet another exciting year for FMIB, as we worked towards the fulfillment of our objectives. Over the next few pages we showcase our performance for this year.

Our major highlight for 2017 was our sale of 3 acres of land to the Fiji Police Force which resulted in a record profit of \$1,018,164 for the year.

Our major challenges continue to be:

- The degradation of our abattoir and equipment and a need for investment to modernise our facilities.
- The continued decline in livestock numbers, which is beyond our control, has directly affected our income. We are still unable to slaughter to full capacity due to this.
- A review of the Meat Act, which, in its current form does not address the issues faced by the Meat Industry.

FMIB continues to stimulate production for small holder farmers by providing them a market. In encouraging increased production by providing premium prices, we do our part in developing the industry.

We continue to work very closely with the Fijian Government to have our Abattoir and Rendering Plant upgraded. Our operations continue to be efficient, and amidst various challenges, we continue to fulfill our core responsibilities.

We look forward to another fruitful year.

Thank you.



**Timothy Brown**  
Fiji Meat Industry Board Chairman

# CEO's Report

2017 brought with it many opportunities and challenges, the major highlight being our record profit of \$1,018,164 for the year, which is a huge improvement compared to 2016's loss of \$127,226. This was due to the sale of 3 acres of land to the Fiji Police Force.

Our "Target Performance Improvement" program continued, leading to increases in production and performance in many key operational areas. As always, while our resources are managed sustainably and well, we continually encounter challenges related to increasing processing costs.

## 1.0 SLAUGHTERING

Our commitment to quality and food safety is the most important aspect of our operations. We also ensure compliance with the Meat Industry Act 1970.

Government Meat Inspectors and our own Quality Assurance Officers are present during livestock slaughter, inspecting meat and weighting carcasses to ensure that the meat is hygienic and safe for consumption.

As always, we practice humane slaughtering, adhering to the Animal Welfare Act with the use of electrical stunning for pigs and captive bolt stunning for ruminants.

### 1.1 TOTAL SLAUGHTER

Pigs will continue to be the major and growing commodity because of their ability to reproduce. A total of 14,083 pigs were slaughtered, a decrease of 390 from 2016. Pigs continue to form the bulk of our slaughter numbers, this year accounting for 60.32% of our total slaughter numbers.

It is important to note that this does not translate proportionately to carcass weight. Despite the high number of pigs being slaughtered, pork weight is only 30.62% of the total weight of carcasses. In contrast, there were 8,381 cattle slaughtered which represents only 35.89% of the total slaughter numbers. However, the beef volume is a majority 69.05% of the total weight of carcasses. The proportion of goats slaughtered has increased compared to 2016. Total Sheep and Calves slaughter number is insignificant, representing less than 1% of total slaughter numbers.

Figure 1: Slaughter Proportion by Species & Number

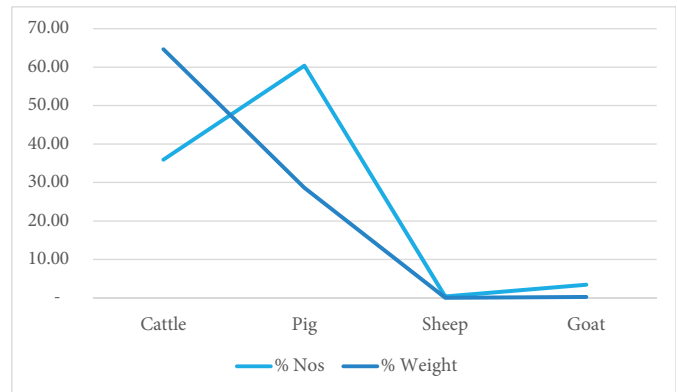


Table 1: FMIB Slaughter Numbers and Weight 2017

Species	Nos	Weight (t)	% Nos	% Weight
Cattle	8381	2068	35.89	69.05
Pig	14083	917	60.32	30.62
Sheep	84	1.23	0.36	0.04
Goat	801	8.67	3.43	0.29
<b>TOTAL</b>	<b>23349</b>	<b>2994.9</b>	<b>100.00</b>	<b>100.00</b>

## 2.0 CATTLE

The total number of cattle slaughtered increased in comparison to 2016 numbers by 0.65%. A total of 8381 were slaughtered compared to 8327 in 2016. Total carcass weight has decreased by 7.67% to 2068 tonnes.

We are anticipating numbers to continue to increase in the next few years due to our collaboration with the Ministry of Agriculture.

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

The Board continues to assist the Ministry of Agriculture with the slaughtering of tuberculosis infected cattle to prevent the disease from spreading to other cattle and human beings.

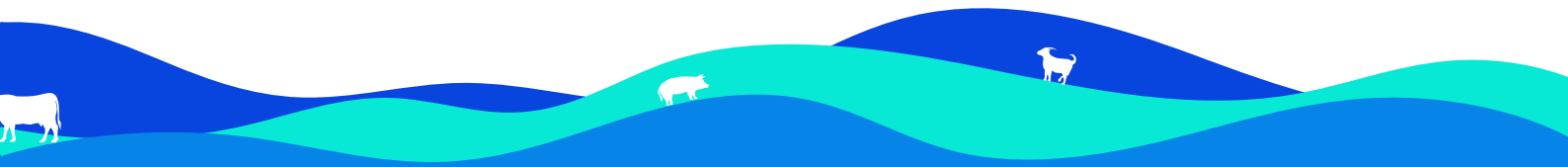
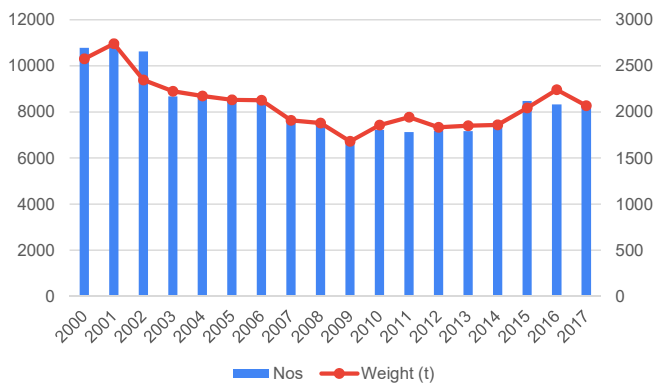


Table: 2 Cattle Slaughter Numbers and Weight.

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
2016	8327	2240
2017	8381	2068

Figure 2 Cattle Slaughter Data 2000 - 2017



### 2.1 MAGITI TRADE

Our Magiti facilities, which are in compliance with the Fiji Food Safety Act 2009, provide a great opportunity to bolster the image of the company. FMIB provides a “Magiti” market for members of the public who prefer to buy whole carcasses for special functions or occasions.

Our “Magiti” market also provides a readily available market for smallholder farms who are not able to sell through farm gate to other butchers. 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.

Many consumers are more health conscious and would prefer dressed carcasses that are hygienically slaughtered and inspected by Meat Inspectors. There are also varieties of products available such as primal beef cuts, meaty bones, steak and tray packs.

### 3.0 PIGS

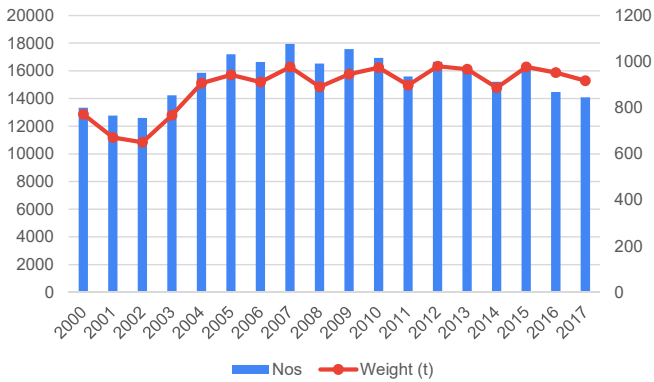
Total number of pigs slaughtered declined by 2.69% with only 14,083 slaughtered compared to 14,473 slaughtered in 2016.

Figure 5: Pig Slaughter Numbers and Weight 2000 - 2017

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
2016	14473	952
2017	14083	917



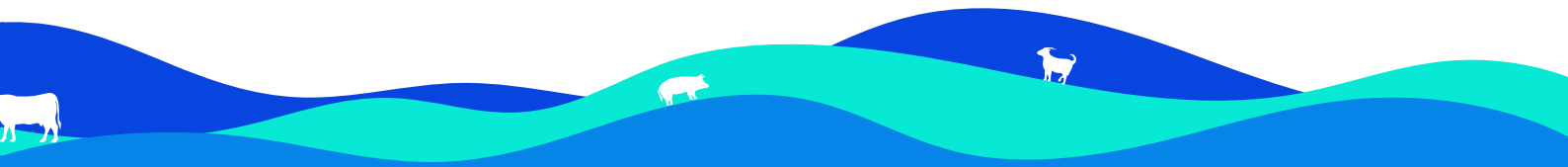
Table 5: Pig Slaughter Data 2000 - 2017



Total carcasses weight was short of 2016 production by 3.68%. A total of 917 tons was produced this year compared to 952 tons in 2016.

### 3.1 PIG MAGITI TRADE

The number of pigs slaughtered for Magiti was 1708. FMIB still offers farmers a competitive buying price, incentivising farmers to increase production.



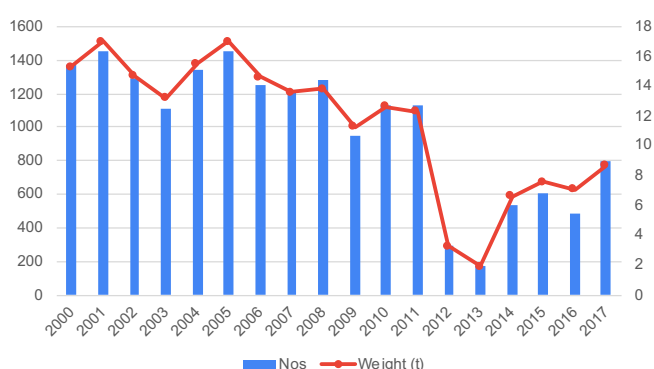
## 4.0 GOAT

Total number of goats increased to 801 compared to 486 slaughtered in 2016. Total goat meat produced also increased to 8.67 tons compared to 7.08 tons produced in 2016.

Table 7: Goat Slaughter Numbers and Weight

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
2016	486	7.08
2017	801	8.67

Figure 6: Goat Slaughter Data 2000 - 2017



## 5.0 SHEEP

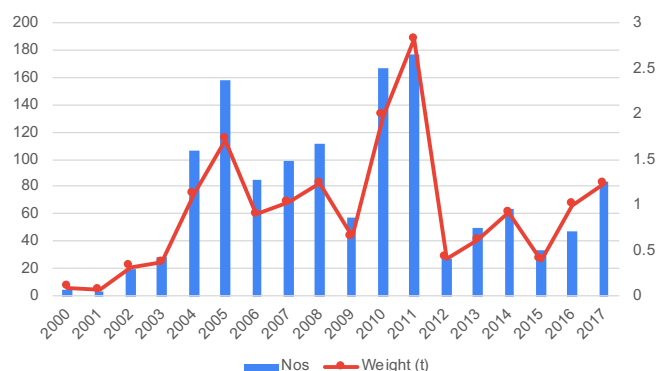
There were 84 sheep slaughtered in 2017 compared to 47 slaughtered in the previous year.

Sheep population is still low due to worm infestations, poor husbandry and theft, however, there is still a high demand for local mutton because of its low fat content as compared to imported mutton.

Table 8: Sheep Production (Nos.)

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
2016	47	1
2017	84	1.23

Figure 7: Sheep Slaughter Data 2000 - 2017



## 6.0 RENDERING

This Rendering Section produced more than 746 tons of Meat Meal and Fish Meal. This is more than the 2016 total of 690 and was the highest ever produced since the establishment of the Abattoirs. We achieved this through the dedication of our employees who worked tirelessly operating the Rendering on three shift operations.

The processing of fish waste enables FMIB to sustain its rendering operations profitably and to provide extra days of work for its employees.

On the other hand, our meal assists pig farmers who supply FMIB for a much quicker turnover as it boosts the pig's growth rate.

## 7.0 HIDE PRODUCTION

The hide quality has improved with minimal damage incurred during skinning. A total of 8,305 hides were salted and prepared for export, compared to 7,946 in 2016.

## 8.0 LIVESTOCK UNIT

The Livestock unit focuses on cattle raised in its farm. Good husbandry practices such as drenching, dehorning and castration are carried out by the unit. The unit also liaises with livestock farmers who want to sell their livestock to the Abattoir to ensure that there is consistency in supply.

We also purchase pregnant and underweight cattle on live weight basis. These are at Nasinu Abattoir until calving or when they reach the required weight for slaughter.

## 9.0 QUALITY ASSURANCE

The Quality Assurance Team controls food safety hazards for our operation, ensuring that the meat is safe for human consumption. 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 our finished product.

Slaughtering, delivery and cleaning procedures are always closely monitored with data collected for Audit purposes and analysis 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, as is the practice.

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

There needs to be improvements carried out on the Abattoir. This is due to the fact that there are now new legislations and requirements on food handling, security and hygiene.

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

## 10.0 FINANCIAL PERFORMANCE

FMIB earned a total of \$3,617,665 revenue in 2017 compared to \$3,355,282 in 2016. This 7.8% growth in revenue was due to increase in slaughter numbers for cattle, sheep and goat.

Total operating expenditure for 2017 was \$3,430,601 compared to \$3,414,521. The slight increase in expenses was noted in raw materials.

Year 2017 earned a record profit of \$1,018,164 compared



to a loss of \$127,226 in 2016. This significant increase was due to land sale to Fiji Police Force valued at \$900,000 which was taken up in comprehensive income.

### 10.1 FINANCIAL POSITION

The total current assets of FMIB was \$1,735,866 in 2017 and non current assets was \$1,640,509. Total assets as at 31st December 2017 was \$3,376,375.

The current liability in 2017 was \$368,581 and non current liability was \$856,398. This long term liability is the loan taken from FDB in 2004 for Tannery.

Total equity for FMIB stood at \$2,151,396 in 2017 compared to \$1,133,232 in 2016. This showed FMIB is growing together with continuous improvement.

## 11. HUMAN RESOURCES

The total workforce at the end of December 2017 was 84 which included a pool of 14 casual workers. FMIB lost twenty two (22) staff through resignations and one (1) through retirement. There were fifteen (15) recruitment and selection events carried out during the year. The executive positions of CEO and GM Finance were renewed for a further term of three years.

There were 10 training and development programs attended by various staff during the year. This included in-house training on Standard Operating Procedures of slaughter floors and HR policies and procedures.

There was one case registered with the Employment Relations Tribunal for workmen's compensation in relation to the death of former CEO, Mr Naca Yalimaitoga. This case progressed in 2017.

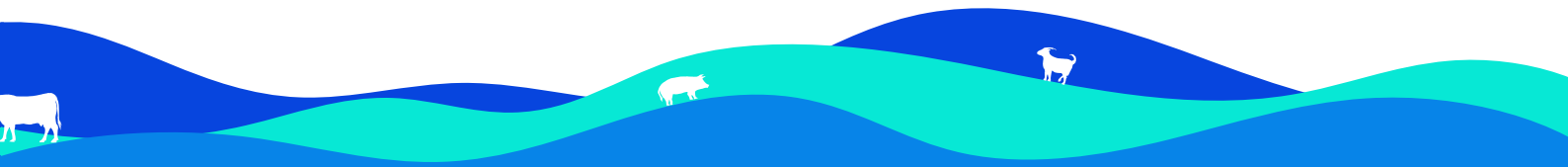
The implementation of staff Job evaluation was received in December 2017, however, instruction for implementation was ordered for January 2018. Management pursued the approval of bonus payout for 2014 with the Ministry.

Management carried out staff sports programs, charity through Fiji Breast Cancer Society and other team bonding exercises as part of it's employee engagement initiatives. Annual staff payouts under the unutilized

sick sheet entitlement and savings scheme were made in December 2017.



## AUDITOR GENERAL'S REPORT



# OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



6-8<sup>th</sup> Floor, Ratu Sukuna House  
2-10 McArthur St  
P. O. Box 2214, Government Buildings  
Suva, Fiji

Telephone: (679) 330 9032  
Fax: (679) 330 3812  
E-mail: [info@auditorgeneral.gov.fj](mailto:info@auditorgeneral.gov.fj)  
Website: <http://www.oag.gov.fj>



## INDEPENDENT AUDITOR'S REPORT

### FIJI MEAT INDUSTRY BOARD

I have audited the financial statements of the Fiji Meat Industry Board ("Board"), which comprise the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph the accompanying financial statements give a true and fair view of the financial position of Fiji Meat Industry Board as at 31 December 2017, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities ("IFRS for SMEs").

#### Basis for Qualified Opinion

- As at the date of opinion, the Board held title of 74 acres of state land. Note 10 – Property, Plant and Equipment includes Leasehold Improvement with a written down value of \$342,770. The Board has only booked the land area on which capital improvements has been made. The remaining land area is yet to be valued and included in the Fixed Assets Register of the Board.
- The Board recorded fully depreciated property, plant and equipment with cost totalling \$2,272,273 that were still held for use. The useful life of these property, plant and equipment have not been reviewed annually. As a result, depreciation expense has not been charged for the assets during the year.

I conducted my audit in accordance with International Standards on Auditing (ISA). My responsibilities under those standards are described in the *Auditor's Responsibilities* paragraph of my report. I am independent of the Board in accordance with the International Ethics Standard Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled my other responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Responsibilities of the Management and Directors for the Financial Statements

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

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

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

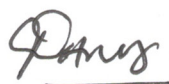
## Auditor's Responsibilities for the Audit of the Financial Statements

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

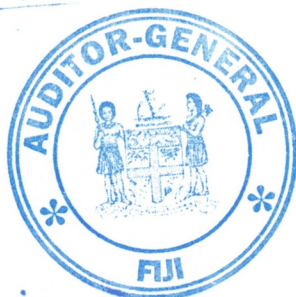
As part of an audit in accordance with ISA, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's and directors' use of 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 Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the management and director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Ajay Nand  
AUDITOR-GENERAL



Suva, Fiji  
14 May 2019

**FIJI MEAT INDUSTRY BOARD  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 \$	2016 \$
<b>Revenue</b>			
Operating Income	4	3,373,303	3,235,586
Release of deferred income		73,600	73,600
Other Income	5(a)	170,762	46,096
<b>Total Revenue</b>		<b>3,617,665</b>	<b>3,355,282</b>
<b>Less:</b>			
Changes in inventories - finished goods		(766,267)	(853,035)
Raw materials and consumables used		(283,544)	(221,753)
Staff costs		(977,784)	(974,330)
Depreciation expense		(258,726)	(299,776)
Other operating expenses	5(b)	(1,144,280)	(1,065,627)
<b>Profit from operations</b>		<b>187,064</b>	<b>(59,239)</b>
Finance Cost	5(c)	(68,900)	(67,987)
<b>Profit before tax</b>		<b>118,164</b>	<b>(127,226)</b>
Income tax expense		-	-
<b>Profit after tax</b>		<b>118,164</b>	<b>(127,226)</b>
<b>Other comprehensive income</b>			
Land Sale		900,000	-
<b>Total comprehensive (loss)/income for the year</b>		<b>1,018,164</b>	<b>(127,226)</b>

The Statement of Comprehensive Income is to be read in conjunction with the notes to and forming part of the financial statements.




FIJI MEAT INDUSTRY BOARD  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017

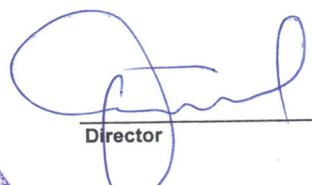
	Notes	2017 \$	2016 \$
<b>Current assets</b>			
Cash & cash equivalents	6	780,292	39,099
Held - to - maturity investment	7	201,957	201,957
Receivables	8	648,435	408,791
Prepayments		12,838	14,272
Inventories	9	92,344	67,174
		<u>1,735,866</u>	<u>731,293</u>
<b>Non-current assets</b>			
Property, plant and equipment	10	1,640,509	1,873,805
		<u>1,640,509</u>	<u>1,873,805</u>
<b>Total Assets</b>		<u><b>3,376,375</b></u>	<u><b>2,605,098</b></u>
<b>Current liabilities</b>			
Trade creditors and payables	11	178,141	197,424
Interest bearings borrowings	12 (a)	190,440	190,440
		<u>368,581</u>	<u>387,864</u>
<b>Non Current Liabilities</b>			
Interest bearing borrowings	12 (b)	568,898	722,902
Deferred income	13	287,500	361,100
		<u>856,398</u>	<u>1,084,002</u>
<b>Total Liabilities</b>		<u><b>1,224,979</b></u>	<u><b>1,471,866</b></u>
<b>NET ASSETS</b>		<u><b>2,151,396</b></u>	<u><b>1,133,232</b></u>
<b>Equity</b>			
Retained earnings		2,151,396	1,133,232
<b>TOTAL EQUITY</b>		<u><b>2,151,396</b></u>	<u><b>1,133,232</b></u>

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial statements.

For and on behalf of the Board.

  
Chairman  
10/05/19



  
Director  
10/05/19

FIJI MEAT INDUSTRY BOARD  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017

---

	Retained Earnings \$	Total \$
Balance as at 31 December 2016	1,260,458	1,260,458
Profits for the year	(127,226)	(127,226)
<b>Balance as at 31 December 2016</b>	<b>1,133,232</b>	<b>1,133,232</b>
Profit for the year	1,018,164	1,018,164
<b>Balance as at 31 December 2017</b>	<b>2,151,396</b>	<b>2,151,396</b>

The Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the financial statements.

**FIJI MEAT INDUSTRY BOARD  
STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 \$	2016 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		3,530,856	3,347,597
Payments to suppliers, creditors and employees		(3,214,094)	(3,088,671)
Interest and Finance costs paid		(68,900)	(67,987)
<b>Net cash used by operating activities</b>		<u>247,862</u>	<u>190,939</u>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		(27,665)	(124,354)
Proceeds from sale of plant and equipment		675,000	-
<b>Net cash used by investing activities</b>		<u>647,335</u>	<u>(124,354)</u>
<b>Cash flows from financing activities</b>			
Net (repayments) of long term loan		(154,004)	(138,709)
<b>Net Cash provided by financing activities</b>		<u>(154,004)</u>	<u>(138,709)</u>
Net increase/(decrease) in cash		741,193	(72,124)
Cash and cash equivalents at the beginning of the year		39,099	111,223
<b>Cash and cash equivalents at the end of the financial year</b>	<b>6</b>	<u>780,292</u>	<u>39,099</u>

The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the financial statements.

**FIJI MEAT INDUSTRY BOARD**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**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 SME's") issued by the International Accounting Standards Board. FMIB adopted IFRS in year 2013. 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 judgements, 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 judgements. 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. Judgements 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	1-7, 10 and 20 years
Motor vehicles	5 and 10 years

**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 the Fijian 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.

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

**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.

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 Figures**

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

**FIJI MEAT INDUSTRY BOARD**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**3. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)**

**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**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Abattoir	2,218,766	2,021,328
Magiti	1,140,410	1,194,371
Other	14,127	19,887
	<u><b>3,373,303</b></u>	<u><b>3,235,586</b></u>
<b>Results</b>		
Abattoir	2,216,186	2,025,528
Magiti	380,686	342,715
Other	10,164	14,308
	<u>2,607,036</u>	<u>2,382,551</u>
Unallocated Revenue	1,144,361	119,696
Unallocated Expenses	(2,664,333)	(2,561,485)
Unallocated Finance costs	(68,900)	(67,987)
Net (Loss)/Profit	<u><b>1,018,164</b></u>	<u><b>(127,225)</b></u>
<b>Segment Assets</b>		
Abattoir	1,640,509	1,873,806
	<u><b>1,640,509</b></u>	<u><b>1,873,806</b></u>

**FIJI MEAT INDUSTRY BOARD**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	\$	\$
<b>5. OTHER REVENUE AND EXPENSES</b>		
<b>(a) Other Income</b>		
Gain on Sale of Plant and Equipment	1,928	1,150
Interest	7,775	8,725
Miscellaneous Revenue	161,059	36,221
	<u>170,762</u>	<u>46,096</u>
<b>Miscellaneous Revenue comprises of the following:</b>		
Sundry income	150,239	31,383
Washing of trucks	2,012	2,284
TPAF Levy refund	8,808	2,554
	<u>161,059</u>	<u>36,221</u>
<b>(b) Other operating expenses</b>		
Professional Fees	-	2,477
Honarium Board Allowance	16,749	31,500
Board and Visitors Expense	6,078	-
Rates	41,850	41,639
Chemicals	25,540	60,463
Insurance	55,896	49,984
Slaughtering Fees	59,288	61,579
Utility Charges	327,868	423,828
Operation and Maintenance	403,944	233,225
Other Operating Costs	207,068	160,932
	<u>1,144,281</u>	<u>1,065,627</u>
<b>(c) Finance Cost</b>		
Interest on Bank Loan	61,073	58,732
Bank Charges	7,827	9,255
	<u>68,900</u>	<u>67,987</u>
<b>(d) Land Sale</b>		
In 2016 Cabinet approved the sale of three acres of the Board's lease land to the Fiji Police Force for the construction of Nakasi Police Station. The land was sold at the current market value determined after an independent valuation was carried out.		
<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>780,292</u>	<u>39,099</u>
The following bank and cash accounts are held by the Board:		
ANZ Operating Account	123,905	-
Bred Bank Account	642,422	54
Receipts Clearing	11,465	36,545
Petty Cash Accounts	2,500	2,500
	<u>780,292</u>	<u>39,099</u>
In 2016 the ANZ operating account was in overaft of \$5,177 and was classified under trade payables.		
<b>7. HELD-TO-MATURITY INVESTMENTS</b>		
Term deposits - Merchant Finance Ltd	<u>201,957</u>	<u>201,957</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. RECEIVABLES</b>		
Trade Debtors	661,381	424,007
Less: Provision for Doubtful Debts	(25,000)	(25,000)
	<u>636,381</u>	<u>399,007</u>
Other receivables	12,054	9,784
	<u>648,435</u>	<u>408,791</u>



FIJI MEAT INDUSTRY BOARD  
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)  
 FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
<b>9. INVENTORY</b>		
Raw Materials	32,185	27,474
Finished Goods	48,855	29,795
Livestock	11,304	9,905
	<u>92,344</u>	<u>67,174</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	678,661
Less: Accumulated Depreciation	<u>335,891</u>	<u>325,959</u>
	342,770	352,702
Building	1,401,148	1,401,148
Less: Accumulated Depreciation	<u>922,895</u>	<u>898,796</u>
	478,253	502,352
Plant, Furniture and Equipment	3,095,863	3,068,198
Less: Accumulated Depreciation	<u>2,655,867</u>	<u>2,535,033</u>
	439,996	533,165
Motor Vehicles	1,143,831	1,179,594
Less: Accumulated Depreciation	<u>764,341</u>	<u>694,008</u>
	379,490	485,586
Total Written Down Value	<u>1,640,509</u>	<u>1,873,805</u>

**FIJI MEAT INDUSTRY BOARD**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

<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>	<b>\$</b>
At 1 January 2017	678,661	1,401,148	3,068,198	1,179,594	6,327,601	
Additions	-	-	27,665	-	27,665	
Disposals	-	-	-	(35,763)	(35,763)	
At 31 December 2017	678,661	1,401,148	3,095,863	1,143,831	6,319,503	
<b>Accumulated depreciation</b>						
At 1 January 2017	325,959	898,796	2,535,033	694,008	4,453,796	
Depreciation	9,932	24,099	120,834	103,861	258,726	
Disposals	-	-	-	(33,528)	(33,528)	
At 31 December 2017	335,891	922,895	2,655,867	764,341	4,678,994	
<b>Carrying amount</b>						
<b>At 31 December 2017</b>	<b>342,770</b>	<b>478,253</b>	<b>439,996</b>	<b>379,490</b>	<b>1,640,509</b>	
<b>At 31 December 2016</b>	<b>352,702</b>	<b>502,352</b>	<b>533,165</b>	<b>485,586</b>	<b>1,873,805</b>	

Leased land is not included in the property, plant and equipment of the Board as it has an operating lease agreement with the Government of the Republic of Fiji hence there is no convey of rights of ownership of the asset. The lease payments are expensed every year and any sale of land is directly treated as revenue.

**FIJI MEAT INDUSTRY BOARD**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 \$	2016 \$
<b>11. TRADE CREDITORS &amp; PAYABLES</b>		
Trade Creditors	93,849	87,285
Other Creditors and Accruals	84,292	110,139
	<u>178,141</u>	<u>197,424</u>
<b>12. INTEREST BEARING BORROWING</b>		
<b>(a) Current</b>		
Term loan - Bred Bank	144,000	144,000
Merchant Finance loan	46,440	46,440
	<u>190,440</u>	<u>190,440</u>
<b>(b) Non Current</b>		
Term Loan - Bred Bank	565,028	672,591
Merchant Finance Loan	3,870	50,311
	<u>568,898</u>	<u>722,902</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 relates 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 \$3,870.

<b>13. DEFERRED CAPITAL GRANTS</b>		
Opening Balance	361,100	434,700
Released to Income	(73,600)	(73,600)
Closing Balance	<u>287,500</u>	<u>361,100</u>

The Board received two fully refrigerated trucks at a cost of \$333,500 in the form of government grants from the Ministry of Agriculture during the year 2013. Two fully refrigerated trucks at a cost of \$402,500 were also received from the same Ministry in 2012.

**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

**FIJI MEAT INDUSTRY BOARD**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**14. RELATED PARTY TRANSACTIONS (continued)**

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
Armogam Mudliar	-	Manager Vuda Abattoir
Salesh Chandra	-	Manager Suva Abattoir

**(b) Transactions with related parties**

Transactions with related parties during the year ended 31 December 2017 with approximate transaction values are summarized below.

	2017 \$	2016 \$
Directors Fees	16,749	31,500

**(c) Key management personnel**

Remuneration of key personnel	227,531	193,592
-------------------------------	---------	---------

**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 Wainibuka, 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 \$5,300 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 \$10,950 per annum.

**Analysis of lease commitments**

Future minimum lease payable under non-cancellable operating leases as at 31 December 2017 are, as follows:

	2017 \$	2016 \$
Minimum lease payments under operations leases recognized 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 latter that 5 years	112,220	112,220
Payable later than 5 years	850,362	872,806
	<u>985,026</u>	<u>1,007,470</u>

**16. CAPITAL COMMITMENTS**

There were no capital commitments as at 31 December 2017 (2016: Nil).

**17. CONTINGENT LIABILITIES/GUARANTEES**

- (a) An employment grievance matter is with the Employment Tribunal. The Board is represented by O'Driscoll & Co. The relevant employee 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 the end of his shift without following proper procedures. The relevant employee 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**

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. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by the board of directors and authorized for issue on \_\_\_\_\_2018.

**20. REGISTERED OFFICE**

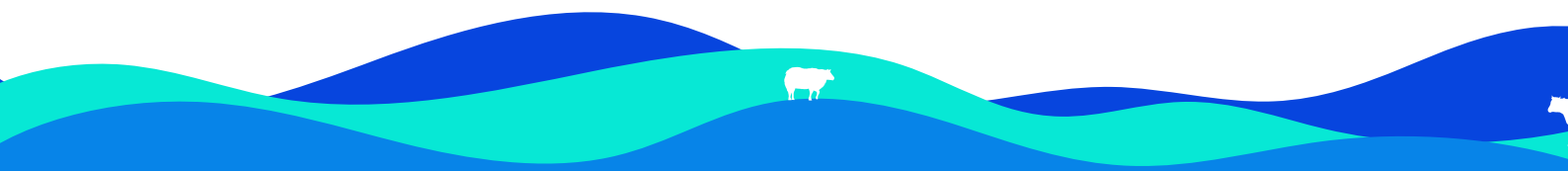
The registered office for the Fiji Meat Industry Board is:

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 Public Enterprise.

At balance date, the Board had a total of 84 employees (2016: 91 employees).

# NOTES



## **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





## **FIJI MEAT INDUSTRY BOARD**

Adi Lady Davila Road, 9 1/2 Miles, Nasinu

Phone: +679 3410022

Fax: +679 3410024

Email: [vimal.chand@fmib.com.fj](mailto:vimal.chand@fmib.com.fj)

Po Box 8070A, Nakasi

## **VUDA ABATTOIR**

Vuda Point Road, Vuda

Phone: +679 6660249

Fax: +679 6666733

[vudaabattoir@connect.com.fj](mailto:vudaabattoir@connect.com.fj)

PO Box 218, Lautoka

## **MAGITI SALES**

Phone: +679 9959147

Email: [devi.lal@fmib.com.fj](mailto:devi.lal@fmib.com.fj)