ANNUAL REPORT 2013 – 2017

PP NO. 255 OF 2020

FIGURE 1 FRL BOARD & MANAGEMENT

FIGURE 2 MANAGEMENT TEAM WITH FARMERS

FIGURE 3 FARMERS CONSULTATION

FIGURE 4 FRL STAFF

COMPANY PROFILE

OUR VISION

- *To be a Premier Rice Miller*

OUR MISSION

- *To see a revitalized sustainable rice industry in Fiji*

OUR VALUES

- ***Success:** We want to be successful in every aspect of operation;*
- ***Integrity:** Our integrity and honesty will never be compromised;*
- ***Reliability:** We can be relied upon and so we rely on all other stakeholders;*
- ***Accountability:** We are accountable for all our actions;*
- ***Quality:** We will not compromise the quality in our operations and products;*
- ***Team Work:** We believe that it is important aspect of business either internally or externally.*

OUR OBJECTIVES

- *To encourage production and milling of quality rice, its by-products and beyond;*
- *To ensure that the desired stakeholder interest and objectives are upheld all the time through governance and desired objectives;*
- *To ensure that we work towards financial independence*
- *To provide sound research on products, business development and marketing more than just rice; and*
- *To respect and value the community and environment that we operate in with objective of sustainable food security.*

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DISCLAIMER STATEMENT

To the best knowledge of the Directors and Management of Fiji Rice Limited (FRL) the information contained in this Annual Report is correct. The financial audit from 2009 was pending and the company managed to complete all audits till 2017and hence came up with the first ever Annual Report for FRL. The finalization of these audits took time due to lack of available documents and records.

The Board and Management have taken all due care in cases of missing documents, accounts receivables, payables and write offs. The Board and the Management took over from year 2013 and we take the responsibility of any operational matters thereafter.

BUSINESS PROFILE

Fiji Rice Limited (formerly known as Rewa Rice Limited) was established in 1960 after Government of Fiji took over the Colonial Sugar Refinery (CSR) Company. Government took action to provide continuous employment to people who have been left jobless after the closure of CSR. However, the climatic conditions in the central division did not suit sugar cane planting and thus, rice was introduced as an alternative crop.

Over the years, the company has tried to leverage from the financial constraints, reforms of productivity and supply of quality rice but has been lacking those aspects of self-sustainability.

The Board and Management of Fiji FRL are fully committed to turn the company around with various initiatives and the work plans that would bring about the financial independence to the company. Hence, the company is extending its presence (both in market coverage and farming schemes) to Viti Levu.

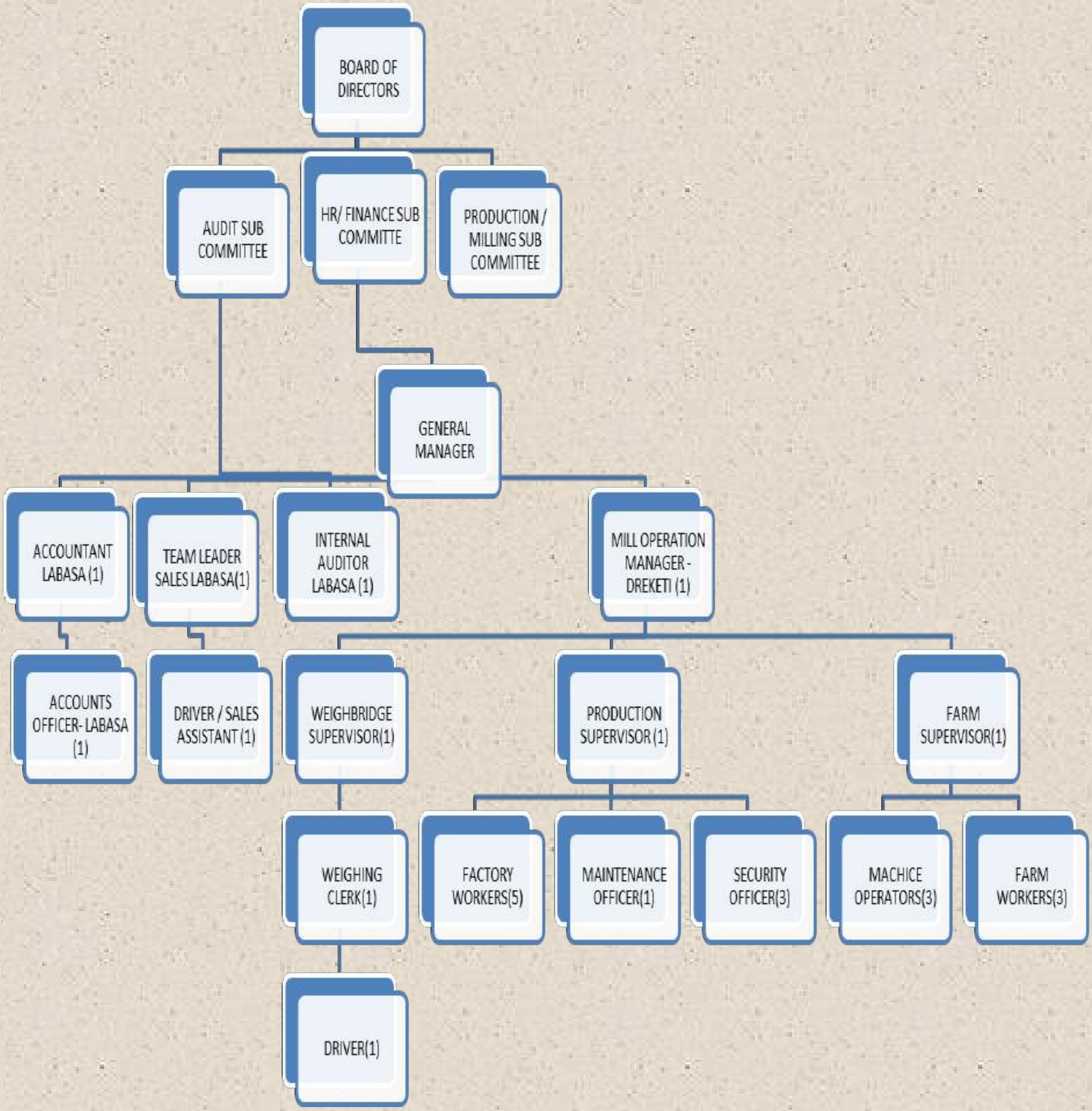
FRL now has a clear direction to meeting the shareholder's (State) expectations. We as the Board and Management are committed to make a change for the best of this industry and country as whole at FRL, "beyond milling", with adequate monitoring as reporting.

For past 5 years FRL has received paddy grants, trucks and electric dryers from the Government while the company has also invested in new mill in Dreketi, farm projects to produce its own rice, more electric dryers and other company fleets.

FRL has seven operational focus areas:

(i) Customers and Beyond;
(ii) Governance, Internal Control & Policy;
(iii) Finance & Profitability;
(iv) Production, Suppliers & Milling;
(v) Innovation and Process Improvement;
(vi) Our People; and
(vii) Community & Environment.

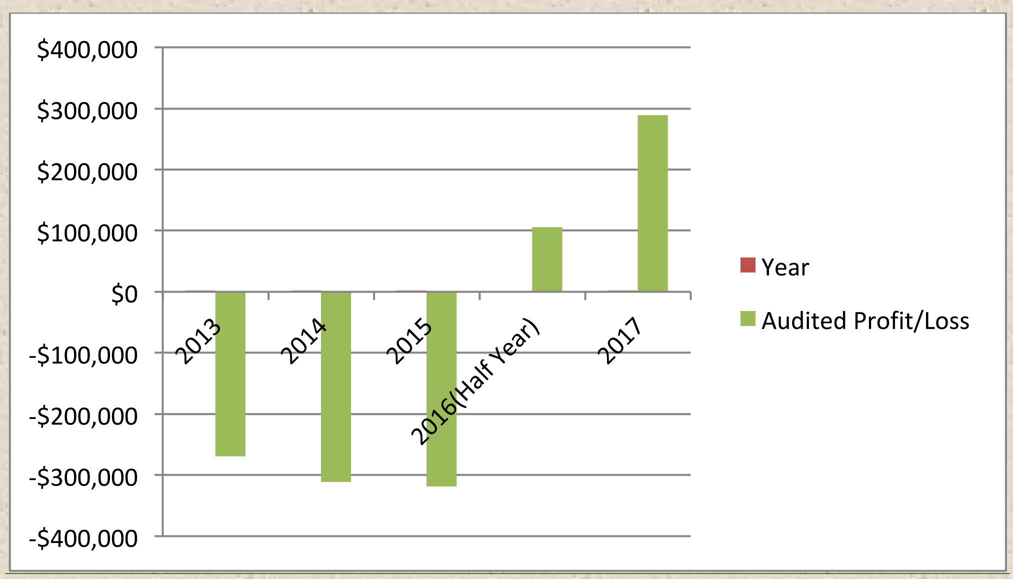
CURRENT ORGANIZATION STRUCTURE



FINANCIAL HIGHLIGHTS

GRAPH 1: AUDITED PROFIT/LOSS AFTER INCOME TAX FROM YEAR 2013-2017

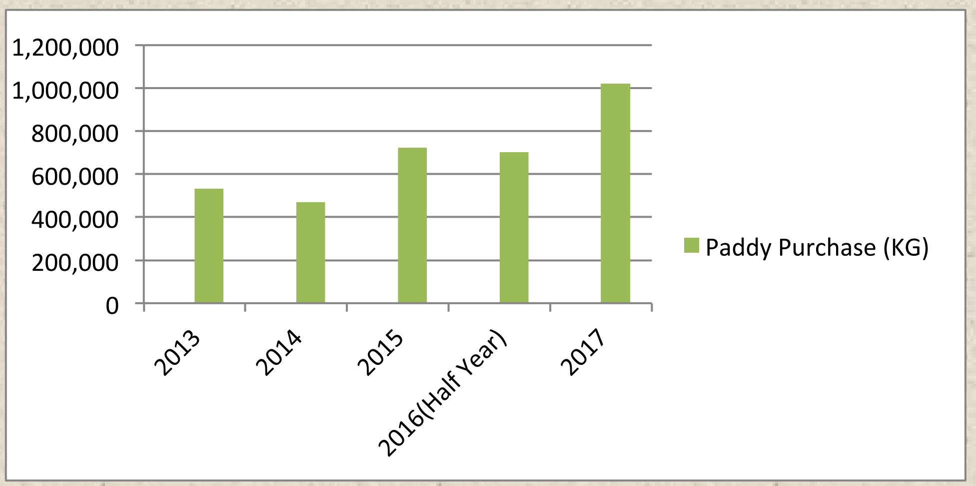
FRL Audited Profit/Loss after Income Tax from Year 2013-2017					
Year	2013	2014	2015	2016(Half Year)	2017
Audited Profit/Loss	-$268,961	-$311,314	-$318,691	$105,952	$289,377



Graph 1 depicts FRL Net profit after Income tax from 2013-2017. The company changed its financial year from December to July in 2016. Therefore the company prepared 7 months account for 2016. FRL has started making profit from 2016 onwards.

GRAPH 2: FIJI RICE LTD PADDY PURCHASE RECORD FROM 2013-2017

FRL Paddy Purchase from Year 2013-2017					
Year	2013	2014	2015	2016(Half Year)	2017
Paddy Purchase (KG)	532,364	468,234	724,037	702,235	101,9650



Graph 2 depicts the paddy received from farmers from 2013-2017. There has been a gradual increase in paddy supply at the mill except in the year 2014 where the actual supply decreased due to prolonged dry spell and the off-season planting was affected. In the year 2016, the company changed its financial year end to 31st July to align with government's financial year hence, ½ year account is presented.

CORPORATE GOVERNANCE

Board of Directors

The following were the directors of the company at any time during the financial year 2013 to 2017and up to the date of this report:

Chairman and the Board of Directors

Mr. Raj Sharma (Board Chairman)

Mr. Vijay Chand (Deputy Chairman / Director)

Mr. Wiliame Katonivere (Director)

Mr. Ashok Kumar (Director)

Role of the Board

The role of the Board is to administer accountability for the success of the company by taking responsibility for its direction and management in order to meet its objective of enhancing corporate profit and shareholder value.

The Board

The Directors in office from 31st December 2013 to 31st July 2017 were Mr. Raj Sharma (Board Chairman),Mr. Vijay Chand (Deputy Chairman/Director), Mr. Wiliame Katonivere (Director) and Mr. Ashok Kumar (Director).

A total fee of $27,500 was paid to directors for their services during each year. The company also met the other expenses, mainly for travel, meal and accommodation, which were incurred during the course of their duties.

Meetings of the Board

The regular business of the board during its meeting covered business investments and strategic matters, good governance and compliance, major capital expenditure approvals, financial reports (monthly management accounts) and mill operations report. The board met 12 times during the year.

Committees of the Board

The Board has formally constituted the Human Resources Committee, Milling & Production Committee and Audit & Finance Sub Committee.

Declare of Interest

A declaration of interest is maintained by the company in line with the code of conduct and good governance ethics. This was recorded in Board Meeting Minutes as and when any Board Member declares his/her interest on company matters.

Risk Management

The directors of the company are always mindful of potential risks that may arise in the course of its business and this is addressed in board meetings.

FROM LEFT MS. JOTISHMA CHAND (BOARD SECRETARY/ACCOUNTANT), MR. ASHRIT PRATAP (GENERAL MANAGER), RATU WILLIAME KATONIVERE (DEPUTY CHAIRMAN), MR. RAJ SHARMA (BOARD CHAIRMAN) & MR. ASHOK KUMAR (DIRECTOR)

CHAIRMAN'S REPORT

It is an honor to be appointed as the Chairman for this company. FRL would like to thank the Government, in particular the Prime Minister, Minister for Economy & Public Enterprises, Minister for Agriculture, Ministries' staff, all the Shareholders, Farmers, Customers, Board of Directors, Management and staff of FRL for their contributions and support for the past years'operations.

After 50 years, the Rewa Rice Limited was rebranded to Fiji Rice Limited. The rebranding enabled the company to put the country on the global map and to ensure that Fiji becomes a well-known brand among the global leaders. The rebranding was part of Government's and the company's effort in building a strong brand Fiji across all Government entities especially the commercial enterprises.

On that note, in 2016 we made a profit before tax of $132,439 and this increased to $361,721 in 2017. This was a boost to our company and way forward.

The product of FRL carries the Fijian grown logo. This logo reaffirms FRL's commitment and ability to produce rice locally and it is what we all should be proud of.

Furthermore, FRL's commitment to community and industry has strengthened through farm projects with the help of the Government.

FRL continues to offer high quality sustainable services with the spirit of leadership that it is known for, in order to continue to achieve sustainability and support the Government initiatives, such as, food security.

....

Mr. Raj Sharma

Chairman Fiji Rice Pte Ltd

GENERAL MANAGER'S REPORT

Rewa Rice Limited was established in 1960 after Government of Fiji took over the Colonial Sugar Refinery [CSR] Company. Since then Government of Fiji owns 100% shareholding in Rewa Rice Limited. As a Government entity the company received continuous financial support (in form of grant and loans) and management support from the Government. Rewa Rice Limited was rebranded to Fiji Rice Limited in 2017.

The company now has a qualified and very innovative team (Board of Directors and Management) and hence developed strategic plans with projections to turn the company to self-sustainability in another 5 year term. The last three years has seen a significant increase in the demand for brown rice and its by-products.

We have continued to undertake our maintenance work, to grow in staff numbers and to progress our various strategic initiatives. As a result, I am happy that the company has progressed and we have achieved profits for the year 2016 onwards. The company has increased its paddy buying capability and at the same time increased its crushing capability. These have reduced our costs and at the same time increase in sales has boosted our financial position.

I am grateful to Fijian Government that has recognized the efforts of the company in providing a competitive market for our farmers and at the same time join hands in Fijian Grown campaign to reduce rice import bill. The Government has continued to allocate funds in form of grant to purchase paddy from the farmers at a premium price above the world market price.

The company purchased a new mill through its own cashflow which has eventually increased the daily buying of paddies from farmers and provides more employment to our local people. The company is now ready to invest in new mills in Viti Levu where the production of rice is expected to increase significantly.

Even as I report these highlights of FRL activities, I am mindful that none of the developments in FRL, recent or past, would have been possible without the commitment of the Government, the Board of Directors and most importantly the staff.

On behalf of my colleagues at FRL, I express our profound gratitude for the role Government continues to play in our development.

……………………….

Mr. Ashrit Pratap

General Manager – Fiji Rice Pte Ltd

AUDITED FINANCIAL STATEMENTS

2013 - 2017

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Excellence in Public Sector Auditing

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Email:info@auditorgeneral.gov.fj
Website:http://www.oag.gov.fj

File: 1268

20th May 2016

Mr. Raj Sharma
Chairman of the Board
Rewa Rice Limited
P O Box 466
LABASA

Dear Mr. Sharma

FINANCIAL STATEMENTS OF REWA RICE LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2013

Audited financial statements for Rewa Rice Limited for the year ended 31 December 2013 together with my audit report on them are enclosed.

Particulars of the errors and omissions arising from the audit have been discussed and forwarded to the Management for necessary actions.

Yours sincerely

Atunaisa Nadakuitavuki
for **AUDITOR GENERAL**

Encl.

REWA RICE LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

Content

DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the statement of financial position of the company as at 31 December 2013, and the related statement of comprehensive income, changes in equity and cash flows for the year ended on that date and report as follows:

1 Directors

The following were directors of the company at any time during the financial year and up to the date of this report:

- Inia Seruiratu - Chairman – up to 15 May 2013
- Raj Sharma – Chairman – from 15 May 2013
- Ratu Aisea Katonivere – up to 15 May 2013
- Ashok Kumar
- Vijay Chand
- Ratu William Katonivere – from 15 May 2013
- Pita Mawi

2 Principal Activities

The principal activities of the company in the course of the financial year were milling and sale of rice and poultry feed. The company also leased storage space at its Nausori warehouse.

3 Results

The operating loss after income tax for the year was $268,961 (2012: Operating loss of $293,793).

4 Dividends

No dividend has been paid or recommended to be paid by the directors for the year.

5 Reserves

The directors recommend that no transfer be made to reserves within the meaning of the Seventh Schedule of the Companies Act, 1983.

6 Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of business. At 31 December 2013 there is an overall excess of liabilities over assets (deficiency) of $4,646,892 (2012:$5,077,931).

The principal components of liabilities are advances from shareholder and subordinated loans amounting to $6,725,382 (2012: $6,725,382). The shareholders have agreed in principle to convert $4,600,000 shareholders advance to a grant. However, the directors will affect this at such a point in time whereby VAT and income tax considerations have been satisfied relating to the conversion of the shareholders advance to a grant.

On this basis the directors have prepared the financial statements on a going concern basis. Consequently no adjustments have been made relating to the accountability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the company not continue as a going concern.

DIRECTORS' REPORT - Continued

7 Bad and Doubtful Debts

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

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

8 Non-Current Assets

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

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

9 Unusual Transactions

The results of the company's operations during the financial year have not in the opinion of the directors been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

10 Events Subsequent to Balance Date

Subsequent events at balance date - $nil (2012: $nil).

11 Other Circumstances

At the date of this report:

(i) No charges on the assets of the company has been given since the end of the financial year to secure the liabilities of any other person;

(ii) No contingent liabilities have arisen since the end of the financial year for which the company could become liable; and

(iii) No contingent liabilities or other liabilities of the company has become or is likely to become enforceable within the twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the company to meet its obligations as and when they fall due.

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

DIRECTORS' REPORT – Continued

12 Directors Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or received as the fixed salary of a full-time employee of the company or of a related corporation) by reason of a contract made by the company or by a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

Dated this 14th day of May 2016.

....
Director

....
Director

STATEMENT BY DIRECTORS

In accordance with a resolution of the Board of Directors of Rewa Rice Limited, we state that in the opinion of the directors:

(i) the accompanying statement of comprehensive income of the company is drawn up so as to give a true and fair view of the results of the company for the year ended 31 December 2013;

(ii) the accompanying statement of changes in equity of the company is drawn up so as to give a true and fair view of the changes in equity of the company for the year ended 31 December 2013;

(iii) the accompanying statement of financial position of the company is drawn up so as to give a true and fair view of the state of affairs of the company as at 31 December 2013;

(iv) the accompanying statement of cash flows of the company is drawn up so as to give a true and fair view of the cash flows of the company for the year ended 31 December 2013;

(v) at the date of this statement there are reasonable grounds to believe the company will be able to pay its debts as and when they fall due; and

(vi) all related party transactions have been adequately recorded in the books of the company.

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

Dated this 14th day of May 2016.

.... Director

.... Director

OFFICE OF THE AUDITOR GENERAL

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Email.info@auditorgeneral.gov.fj
Website:http://www.oag.gov.fj

INDEPENDENT AUDITOR'S REPORT

To the Members of Rewa Rice Limited

I have audited the accompanying financial statements of Rewa Rice Limited, which comprise the Statement of Financial Position as at 31 December 2013, 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 19.

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 Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation 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 judgment, 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 I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Audit Opinion

The Company, in accordance with a circular issued by the Ministry of Public Enterprises on Cabinet Decision No. 357 of 2012, accounts for all government grants received from 1 January 2011 as capital contributions. This is a departure from the International Financial Reporting Standard (IAS) 20 *"Accounting for Government Grants and Disclosure of Government Assistance"* which requires government grants related to income to be recognized as income in the period in which it is receivable and that the Company will comply with the conditions attached to the grants.

Had the Company complied with IAS 20, the impact would be an increase in other revenue by $700,000 and decrease in accumulated losses and capital contribution by $1,067,061.

Qualified Audit Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of Rewa Rice Limited as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Without further qualifying the financial statements, attention is drawn to the following matters:

- As discussed in the Note 2(b) (iii), of Significant Accounting Policies, there was an overall excess of liabilities over assets of $4,646,892 (2012: $5,077,931) as at 31 December 2013.

- Un-reconciled variance of 24,327 kg of milled grain which is equivalent to $32,355 of sales revenue was noted between the financial statements and sales derived from Company's inventory records.

Atunaisa Nadakuitavuki
for **AUDITOR GENERAL**

20 May 2016
Suva, Fiji

REWA RICE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 $	2012 $
Revenue	5	524,370	651,693
Cost of sales		(660,181)	(829,181)
Gross (loss) / profit		(135,811)	(177,488)
Other revenue	5	164,081	151,280
Administrative expenses		(297,231	(267,585)
Profit/ (loss) from continuing operating activities		(268,961)	(293,793)
Income tax credit/ (expenses)	6	-	-
Profit/ (loss) after income tax		(268,961)	(293,793)
Other comprehensive income		-	-
Total comprehensive income/ (loss) for the year		($ 268,961)	($ 293,793)

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 22.

REWA RICE LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Notes	2013 $	2012 $
CURRENT ASSETS			
Cash on hand and at bank	9	578,706	172,813
Trade and other receivables	7	60,016	60,810
Inventories	8	41,795	82,086
		680,517	315,709
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,440,829	1,454,807
		1,440,829	1,454,807
TOTAL ASSETS		2,121,346	1,770,516
CURRENT LIABILITIES			
Trade and other payables	11	46,414	70,023
Borrowings	12	-	31,620
		46,414	101,643
NON-CURRENT LIABILITIES			
Borrowings	12	6,721,824	6,746,804
		6,721,824	6,746,804
TOTAL LIABILITIES		6,768,238	6,848,447
NET ASSETS		($ 4,646,892)	($ 5,077,931)
SHAREHOLDERS' EQUITY			
Share capital	13	1,506,224	1,506,224
Accumulated losses		(7,220,177)	(6,951,216)
Capital contribution	14	1,067,061	367,061
TOTAL SHAREHOLDERS' EQUITY		($ 4,646,892)	($ 5,077,931)

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 22.

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

Dated this 14th day of May 2016.

....
Director

....
Director

REWA RICE LIMITED

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2013

	Share Capital $	Accumulated losses $	Capital contribution $	Total $
Balance at 31 December 2011	1,506,224	(6,657,423)	67,061	(5,084,138)
Comprehensive income				
Net profit/ (loss) for the year	-	(293,793)	-	(293,793)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	(293,793)	-	(293,793)
Transaction with owners				
Government grants	-	-	300,000	300,000
Balance at 31 December 2012	1,506,224	(6,951,216)	367,061	(5,077,931)
Comprehensive income				
Net profit/ (loss) for the year	-	(268,961)	-	(268,961)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	1,506,224	(7,220,177)	367,061	(5,346,892)
Transaction with owners				
Government grants	-	-	700,000	700,000
Balance at 31 December 2013	1,506,224	(7,220,177)	1,067,061	(4,646,892)

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 22.

REWA RICE LIMITED

STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2013

	Note	2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		680,817	756,329
Payments to suppliers and employees		(875,252)	(829,764)
Net cash used by operating activities		(194,435)	(73,435)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant & equipment		14,500	-
Acquisition of property, plant & equipment		(57,572)	(35,628)
Net cash used in investing activities		(43,072)	(35,628)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/ (repayment) from loan (net)		(56,600)	(22,119)
Proceeds from government grants		700,000	300,000
Net cash provided in financing activities		643,400	277,881
Net increase/ (decrease) in cash and cash equivalents		405,893	168,818
Cash and cash equivalents at the beginning of the year		172,813	3,995
Cash and cash equivalents at the end of the year	9	$ 578,706	$ 172,813

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 22.

1. GENERAL INFORMATION

Rewa Rice Limited ("the company") is incorporated and domiciled in the Republic of Fiji under the Companies Act, 1983 and its registered office and principal place of business is located at Damanu Street, Labasa, Fiji. The principal activities of the company in the course of the financial year were milling and sale of rice and poultry feed. The company also leased storage space at its Nausori warehouse.

The ultimate holding entity is the Government of Fiji.

These financial statements were authorised for issue by the directors on ______________2016. The shareholders have the power to amend the financial statements after issue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The financial statements have been prepared in accordance with the Companies Act, 1983 and International Financial Reporting Standards ('IFRS') as required by the Fiji Institute of Accountants.

b) Basis of accounting

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

i) Standards, amendments and interpretations issued but not yet effective

The financial statements of the company have been drawn up in accordance with the provisions of the Companies Act 1983 and International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the basis of historical costs, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss.

Standards, amendments and interpretations issued but not yet effective

The following standards, amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning after 1 January 2012 or later periods, but the company has not early adopted them. The company is yet to assess the impact of the above standard and intends to adopt the standard no later than the accounting period in which it becomes effective.

- Amendment to IAS 1, 'Presentation of financial statements' on OCI (effective 1 July 2012)
- IFRS 10, 'Consolidated financial statements' (effective 1 January 2013)
- Amendments to IFRS 10, 11 and12 on transition guidance (effective 1 January 2013)
- IFRS 11, 'Joint arrangements' (effective 1 January 2013)
- IFRS 12, 'Disclosures of interests in other entities' (effective 1 January 2013)
- IFRS 13, 'Fair value measurement' (effective 1 January 2013)
- IAS 19 (revised 2011), 'Employee benefits' (effective 1 January 2013)
- IAS 27 (revised 2011), 'Separate financial statements' (effective 1 January 2013)
- IAS 28 (revised 2011), 'Associates and joint ventures' (effective 1 January 2013)
- Amendment to IFRS 7,'Financial instruments: Disclosures', on offsetting financial assets and financial liabilities (effective 1 January 2013)
- Amendment to IAS 32, 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities (effective 1 January 2014)
- IFRS 9, 'Financial instruments' (effective 1 January 2015)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

b) Basis of accounting - continued

ii) Economic uncertainty

Notwithstanding the political events which have occurred in Fiji, since December 2006, and a degree of economic uncertainty resulting there from, the directors believe that taking into account the value of the business as a going concern, the assets of the Company are worth their book value. Accordingly, directors believe that the basis of preparation of accounts is appropriate, and that the classification and carrying amounts of the assets and liabilities as stated in the financial statements to be appropriate.

iii) Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of business activities and the realisation of assets and the payment of liabilities in the normal course of business. At 31 December 2013 there is an overall excess of liabilities over assets (deficiency) of $4,646,892 (2012: $5,077,931).

The principal components of liabilities are advances from shareholder and subordinated loan amounting to $6,725,382 (2012: $6,725,382). The shareholders have agreed in principle to convert $4,600,000 shareholders advance to a grant. However the directors will affect this at such point in time whereby VAT and income tax considerations have been satisfied relating to the conversion of the shareholders advance to a grant.

On this basis the directors have prepared the financial statements on a going concern basis. Consequently no adjustments have been made relating to the accountability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the company not continue as a going concern.

A summary of the significant accounting policies adopted by the company is set out in this note. The policies adopted are in accordance with International Financial Reporting Standards.

c) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Provision is raised on a specific debtor level as well as on a collective basis. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments are considered indicators that a specific debtor balance is impaired. Impairment assessed at a collective level is based on past experience and data in relation to actual write-offs. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

d) Foreign currencies

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition and installation of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Cost of leasehold land includes initial premium payment or price paid to acquire leasehold land including acquisition costs.

Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	1.25% - 2.50%
Plant and machinery	5% - 7%
Motor vehicles	10%
Furniture, fittings and equipment	5% - 7%
Tools	Replacement basis

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are taken into account in determining the results for the year.

f) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes direct materials, direct labour and an appropriate proportion of variable and fixed factory overhead expenditure, the latter being allocated on the basis of normal operating capacity. A specific provision is created for any obsolete or slow moving items.

g) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

h) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash at bank and on hand and short term deposits held with banks.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

i) Reporting currency

All figures will be reported in Fijian Dollars.

j) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost (inclusive of VAT where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the entity.

k) Income tax

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

Deferred income tax is provided in full, using the balance sheet liability method, on temporary difference arising between the tax base of asset and liabilities and their carrying amount in the financial statement. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against the temporary difference and the eligible tax losses can be utilized.

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

l) Employee benefits

Annual leave and sick leave

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

Defined contribution plans

Contributions to Fiji National Provident Fund are expensed when incurred. All employees who are Fiji citizens are members of the Fiji National Provident Fund, an independent statutory administered fund. The Company has no liability for current or past service pensions in respect of these employees.

m) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

n) Impairment of non-financial assets

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of comprehensive income.

o) Value Added Tax (VAT)

Revenues, expenses, assets and liabilities are recognised net of the amount of Value Added Tax (VAT), except where the amount of VAT incurred is not recoverable from the taxable authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense, or for trade receivables and trade payable which are recognised inclusive of VAT.

3. FINANACIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

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

(a) Market risk

(i) Foreign Exchange Risk

The company is exposed to foreign exchange risk arising from various currency exposures in respect to purchase of inventory, primarily with respect to the Australian and New Zealand dollar. Foreign exchange risk arises from future commercial transactions and liabilities.

Management has set up a policy to require the company to manage their foreign exchange risk against their functional currency, in this case the Fiji dollar. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other than the Fiji Dollar. For significant settlements, the company is required to seek quotations from recognised banks and use the most favourable exchange rate for purposes of the settlement.

As at year end, assets and liabilities denominated in foreign currencies are minimal and hence changes in the Australian and NZ dollars by 10% (increase or decrease) is expected to have minimal impact on the net profit and equity balances currently reflected in the company's financial statements. Because of minimal asset and liability balances in overseas currencies, there has been little sensitivity to movements in the Australian and NZ dollars in 2013.

3. FINANACIAL RISK MANAGEMENT – continued

(a) Market risk – continued

(ii) Price risk

The company does not have investments in equity securities and hence is not exposed to equity securities price risk.

(iii) Regulatory risk

The company's profitability can be significantly impacted by regulatory agencies established. Specifically, retail and wholesale prices are regulated by Prices and Incomes Board.

(iv) Cash flow and fair value interest rate risk

As the company has no significant interest-bearing assets and liabilities, the company's income and operating cash flows are substantially independent of changes in market interest rates.

(b) Credit risk

Credit risk is managed by executive management with board oversight. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. As part of its risk control procedures, an assessment of the credit quality of a new customer, taking into account its financial position, past experience and other factors, is carried out prior to the credit approval. Individual credit risk limits are then set based on the assessments done. Individual risk limits are set based on assessments done. The utilisation of credit limits is regularly monitored. Sales to credit retail customers are settled in either cash or cheques.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet the company's present obligations.

The company manages liquidity risk by continuously monitoring forecast and actual cash flows. All of the company's financial liabilities, i.e trade and other payables at balance date are expected to be settled within the next 12 months.

Advances and loans from the Government of Fiji are non-interest bearing and in the opinion of the directors will not be due for payment in the next twelve months. The shareholders have agreed in principle to convert $4,600,000 of shareholders advance to a grant.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Impairment of accounts receivable

Impairment of accounts receivable balances is assessed at an individual as well as on a collective level. At a collective level all debtors in the + 90 days category (excluding those covered by a specific impairment provision) are estimated to have been impaired and are accordingly provided for.

(b) Impairment of property, plant and equipment

The company assesses whether there are any indicators of impairment of all property, plant and equipment at each reporting date. Property, plant and equipment are tested for impairment and when there are indicators that the carrying amount may not be recoverable, reasonable provision for impairment are created. For the year ended 31 December 2013, no provision for impairment has been made as the company reasonably believes that no indicators for impairment exist.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS - continued

(c) Deferred tax assets

Deferred tax assets relating to tax losses and provisions have not been brought to account as it is not probable that future taxable profit will be available against which temporary differences and eligible tax losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely and level of future taxable profits together with future planning strategies.

5. REVENUE AND EXPENSES

	2013 $	2012 $
(i) Operating Revenue:		
Milled Grain	524,370	651,693
(ii) Other Revenue:		
Rent	135,108	135,108
Sundry income	28,973	16,172
Total other revenue	$ 164,081	$ 151,280

Profit from operations has been arrived after charging the following expenses:

	2013	2012
Directors fees	5,667	5,667

6. INCOME TAX

(a) INCOME TAX EXPENSE

The prima facie tax expense on the operating profit/ (loss) differs from the income tax provided in the financial statements and is reconciled as follows:

	2013 $	2012 $
Operating profit/ (loss) before income tax	(268,961)	(293,793)
Prima facie income tax expense/ (benefit) calculated at 20% on the operating profit/ (loss) (2012:20%)	(53,793)	(58,759)
Tax benefit recouped	-	-
Tax effect of tax loss not recognised	53,793	58,759
Income tax expense	$ -	$ -

6. INCOME TAX - continued

(b) INCOME TAX BENEFIT

In accordance with the policy stated in note 2(k) the deferred tax assets of $149,873 (2012: $150,790) attributable to unconfirmed tax losses has not been brought to account as an asset. The asset will only be recognised if:

i) the company derives assessable income of a nature and of sufficient amount to enable the benefit of tax losses and deductions to be realised,

ii) the conditions for deductibility imposed by law are complied with, and

iii) tax law does not change in a manner which adversely affects realisation of the benefit.

7. TRADE AND OTHER RECEIVABLES

	2013 $	2012 $
Trade receivables	28,160	58,243
Provision for impairment	(10,396)	(10,396)
	17,764	47,847
Other debtors and prepayments	386,711	357,422
Provision for impairment	(344,459)	(344,459)
	$ 60,016	$ 60,810

	2013 $	2012 $
The ageing analysis of trade receivables is as follows:		
Current	6,116	12,726
1 to 3 months	5,740	30,754
Over 3 months	16,304	14,763
	$ 28,160	$ 58,243

	2013 $	2012 $
Movement in the provision for impairment is as follows:		
Opening balance	354,855	354,855
Provision for impairment	-	-
Bad debts written off	-	-
Closing balance	$ 354,855	$ 354,855

The company does not hold any collateral as security.

8. INVENTORIES

	2013 $	2012 $
Raw materials	25,004	67,207
Finished goods	-	4,779
Consumables	16,791	10,100
	$ 41,795	$ 82,086

9. CASH ON HAND AND AT BANK

	2013 $	2012 $
Cash at bank	578,597	172,413
Cash on hand	109	400
	$ 578,706	$ 172,813

10. PROPERTY, PLANT AND EQUIPMENT

(i) Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Leasehold land and buildings $	Motor vehicle $	Furniture fittings and equipment $	Mill machinery and plant $	Total $
2012					
Opening	1,299,458	62,654	13,091	108,854	1,484,057
Additions	7,765	6,718	-	21,145	35,628
Disposals	-	-	-	-	-
Depreciation	(23,800)	(16,339)	(3,348)	(21,391)	(64,878)
Net book value	$ 1,283,423	$ 53,033	$ 9,743	$ 108,608	$ 1,454,807
31 December 2012					
Cost	1,626,765	188,415	195,214	1,083,089	3,093,483
Acc. depreciation	(343,342)	(135,382)	(185,471)	(974,481)	(1,638,676)
Net book value	$ 1,283,423	$ 53,033	$ 9,743	$ 108,608	$ 1,454,807
2013					
Opening	1,283,423	53,033	9,743	108,608	1,454,807
Additions	176	51,735	1,142	4,519	57,572
Disposals	-	(6,072)	-	-	(6,072)
Depreciation	(23,800)	(17,088)	(2,587)	(22,003)	(65,478)
Net book value	$ 1,259,799	$ 81,608	$ 8,298	$ 91,124	$ 1,440,829
31 December 2013					
Cost	1,626,766	208,225	196,356	1,087,832	3,119,179
Acc. depreciation	(366,967)	(126,617)	(188,058)	(996,708)	(1,678,350)
Net book value	$ 1,259,799	$ 81,608	$ 8,298	$ 91,124	$ 1,440,829

11. TRADE AND OTHER PAYABLES

	2013 $	2012 $
Trade creditors and accruals	$ 46,414	$ 70,023

12. BORROWINGS

	2013 $	2012 $
Current		
FDB Loan – Interest bearing	-	31,620
Non-Current		
FDB Loan – Interest Bearing	(3,558)	21,422
Advance from shareholder	4,825,382	4,825,382
Loan from Government of Fiji	1,900,000	1,900,000
	$ 6,721,824	$ 6,778,424

Advances and loans from the Government of Fiji are non-interest bearing and in the opinion of the directors will not be due for payment in the next twelve months. The shareholders have agreed in principle to convert $4,600,000 of shareholders advance to a grant. However the directors will affect this at such point in time whereby tax considerations have been satisfied relating to the conversion of the shareholders advance to a grant.

13. SHARE CAPITAL

	2013 $	2012 $
Authorised Capital		
950,000 ordinary shares of $2 each	1,900,000	1,900,000
Issued and fully paid		
753,112 ordinary shares of $2 each	1,506,224	1,506,224

14. CAPITAL CONTRIBUTION

Government grant	1,067,061	367,061

15. EARNINGS / (LOSS) PER SHARE

Net profit/ (loss) for the year	(268,961)	(287,293)
Number of equity shares outstanding (Nos.)	753,112	753,112
Basic and diluted earnings / (loss) per share	($ 0.36)	($ 0.39)

16. RELATED PARTIES

	Notes	2013 $	2012 $

(a) The following were directors of the Company at any time during the financial year and up to the date of this report:

Inia Seruiratu - Chairman – up to 15 May 2013
Raj Sharma – Chairman – from 15 May 2013
Ratu Aisea Katonivere – up to 15 May 2013
Ashok Kumar
Vijay Chand
Ratu William Katonivere – from 15 May 2013
Pita Mawi

(b) Directors fees and other benefits paid are as follows:

		2013	2012
Directors fees		11,617	5,667
Directors allowances		-	-
Chairman's entitlement		976	953

(c) Identity of related parties

The company has a related party relationship with the Government of Fiji and its various Ministries and Departments, directors and executive officers. The Government of Fiji is a related party by virtue of its shareholding. The company pays for Government services provided and taxes on the same basis as any other corporate entity in Fiji.

(d) Amounts receivable payable to related parties

	Notes	2013	2012
Advance from shareholder	12	4,825,382	4,825,382
Loan from Government of Fiji	12	1,900,000	1,900,000

(e) Transactions with key management personnel

Key management personnel comprise of Accounts Supervisor.

Transactions with key management are no more favourable than those available, or which might be reasonably be expected to be available, on similar transactions to third parties at arm's length.

	2013	2012
Salary and allowance	12,000	12,000
Contribution to Fiji National Provident Fund	960	960
	$ 12,960	$ 12,960

17. CAPITAL COMMITMENTS

Capital Commitments at balance date - $Nil (2012: $Nil).

18. CONTINGENT LIABILITIES

Contingent liabilities at balance date - $Nil (2012: $Nil).

19. SUBSEQUENT EVENTS

Subsequent events at balance date - $Nil (2012: $Nil).

FOR MANAGEMENT INFORMATION PURPOSES ONLY

DISCLAIMER

THE ATTACHED DETAILED INCOME STATEMENT DOES NOT FORM PART OF THE STATUTORY FINANCIAL STATEMENTS. THE DETAILED INCOME STATEMENT IS IN ACCORDANCE WITH THE BOOKS AND RECORDS OF REWA RICE LIMITED WHICH HAS BEEN SUBJECTED TO THE AUDITING PROCEDURES APPLIED IN OUR AUDIT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2013. OUR AUDIT DID NOT COVER ALL DETAILS OF THE DETAILED INCOME STATEMENT.

REWA RICE LIMITED

SUPPLEMENTARY INFORMATION:
DETAILED INCOME STATEMENT
YEAR ENDED 31 DECEMBER 2013

	2013 $	2012 $
Sales	524,370	651,693
	524,370	651,693
Less: Cost of sales		
Opening stock	82,086	293,638
Cost of production	659,890	617,629
Stock losses	-	-
Closing stock	(81,795)	(82,086)
	660,181	829,181
Gross profit/ (loss)	(135,811)	(177,488)
Gross profit / (loss) %	(26%)	(27%)
Less other operating expenses		
Administration expenses (Transferred from page 24)	(297,231)	(267,585)
Trading losses	(433,042)	(445,073)
Add: Other Income		
Sundry income	164,081	151,280
	164,081	151,280
Operating profit / (loss) before income tax	($ 268,961)	($ 293,793)

SUPPLEMENTARY INFORMATION:
DETAILED INCOME STATEMENT - Cont'd
YEAR ENDED 31 DECEMBER 2013

REWA RICE LIMITED

	2013 $	2012 $
ADMINISTRATIVE EXPENSES		
Attachment allowance	1,921	862
Advertising and promotion	5,071	1,656
Bank charges	230	914
Audit Fees	6,500	6,500
Board meeting expense	956	-
Business meeting expense	243	68
Chairman's entitlement	976	953
Depreciation expense	65,478	64,878
Directors' fees	11,617	5,667
Electricity	4,144	3,521
FNPF contribution	24,053	16,800
Freight	756	827
Fuel and oil	12,016	12,325
Fumigation and cleaning	97	308
Insurance	17,366	16,168
Interest charges	3,558	6,866
Legal and accounting	4,596	6,500
FNU Levy	676	1,299
General expense	-	771
Provisional Tax	-	1,000
Repairs and maintenance expenses	24,588	24,801
Rent and town rate	21,424	20,289
Salaries	28,249	38,005
Sales and delivery expenses	1,947	4,968
Staff - entertainment	741	1,252
Staff amenities	1,874	1,234
Stationery	2,636	1,789
Telephone/Fax	2,662	3,585
Travelling & accommodation	5,525	4,707
Wages - Labasa	26,013	18,665
Water rates	309	407
Meal Claim	786	-
Accommodation Board	6,536	-
Gas Cylinder	168	-
PAYE	2,731	-
Office Furniture Expense	882	-
Annual Leave	626	-
Board Member Training Expense	2,107	-
Entertainment Allowance	38	-
Labasa Market Expense	865	-
Office Expense	46	-
Donation	1,739	-
Other Expense	4,488	-
Total administrative expenses	$ 297,231	$ 267,585

OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing

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P. O. Box 2214, Government Buildings
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Telephone: (679) 330 9032
Fax: (679) 330 3812
E-mail: info@auditorgeneral.gov.fj
Website: http://www.oag.gov.fj

File: 1268

27 July 2018

Mr. Raj Sharma
Chairman
Fiji Rice Limited
P O Box 466
LABASA

Dear Mr. Sharma

FIJI RICE LIMITED
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014 & 2015

Audited financial statements of the Fiji Rice Limited for the years ended 31 December 2014 and 2015 together with my audit report on them are enclosed.

Particulars of the errors and omissions arising from the audit have been forwarded to the Management for necessary actions.

Yours sincerely

Ajay Nand
AUDITOR-GENERAL

Encl.

cc: Ashrit Pratap – Manager, Fiji Rice Limited

FIJI RICE LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the statement of financial position of the company as at 31 December 2014, and the related statement of comprehensive income, changes in equity and cash flows for the year ended on that date and report as follows:

1 Directors

The following were directors of the company at any time during the financial year and up to the date of this report:

- Raj Sharma – Chairman – from 15 May 2013
- Ashok Kumar
- Vijay Chand
- Ratu William Katonivere – from 15 May 2013

2 Principal Activities

The principal activities of the company in the course of the financial year were milling and sale of rice and poultry feed. The company also leased storage space at its Nausori warehouse.

3 Results

The operating loss after income tax for the year was $311,314 (2013: Operating loss of $268,961).

4 Dividends

No dividend has been paid or recommended to be paid by the directors for the year.

5 Reserves

The directors recommend that no transfer be made to reserves within the meaning of the Seventh Schedule of the Companies Act, 1983.

6 Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of business. At 31 December 2014 there is an overall excess of liabilities over assets (deficiency) of $4,958,206 (2013:$4,646,892).

The principal components of liabilities are advances from shareholder and subordinated loans amounting to $6,725,382 (2013: $6,725,382). The shareholders have agreed in principle to convert $4,600,000 shareholders advance to a grant. However, the directors will affect this at such a point in time whereby VAT and income tax considerations have been satisfied relating to the conversion of the shareholders advance to a grant.

On this basis the directors have prepared the financial statements on a going concern basis. Consequently no adjustments have been made relating to the accountability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the company not continue as a going concern.

DIRECTORS' REPORT - Continued

7 Bad and Doubtful Debts

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

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

8 Non-Current Assets

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

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

9 Unusual Transactions

The results of the company's operations during the financial year have not in the opinion of the directors been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

10 Events Subsequent to Balance Date

Subsequent events at balance date - $nil (2013: $nil).

11 Other Circumstances

At the date of this report:

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

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

DIRECTORS' REPORT – Continued

12 Directors Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or received as the fixed salary of a full-time employee of the company or of a related corporation) by reason of a contract made by the company or by a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

Dated this 17th day of July 2018.

....
Director

....
Director

STATEMENT BY DIRECTORS

In accordance with a resolution of the Board of Directors of Fiji Rice Limited, we state that in the opinion of the directors:

(i) the accompanying statement of comprehensive income of the company is drawn up so as to give a true and fair view of the results of the company for the year ended 31 December 2014;

(ii) the accompanying statement of changes in equity of the company is drawn up so as to give a true and fair view of the changes in equity of the company for the year ended 31 December 2014;

(iii) the accompanying statement of financial position of the company is drawn up so as to give a true and fair view of the state of affairs of the company as at 31 December 2014;

(iv) the accompanying statement of cash flows of the company is drawn up so as to give a true and fair view of the cash flows of the company for the year ended 31 December 2014;

(v) at the date of this statement there are reasonable grounds to believe the company will be able to pay its debts as and when they fall due; and

(vi) all related party transactions have been adequately recorded in the books of the company.

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

Dated this 17 th day of July 2018.

....
Director

....
Director

OFFICE OF THE AUDITOR GENERAL
Excellence in Public Sector Auditing

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INDEPENDENT AUDITOR'S REPORT

FIJI RICE LIMITED

I have audited the accompanying financial statements of Fiji Rice Limited, which comprise the Statement of Financial Position as at 31 December 2014, 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 19.

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 Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation 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 judgment, 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 I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Audit Opinion

1. The Company, in accordance with a circular issued by the Ministry of Public Enterprises on Cabinet Decision No. 357 of 2012, accounts for all government grants received from 1 January 2011 as capital contributions. This is a departure from the International Financial Reporting Standard (IAS) 20 *"Accounting for Government Grants and Disclosure of Government Assistance"* which requires government grants related to income to be recognized as income in the period in which it is receivable and that the Company will comply with the conditions attached to the grants. The Company's records indicate that, had the Company complied with IAS 20 the impact would be an increase in retained earnings and decrease in capital contribution by $1,067,061.

2. Included in the cash at bank balance of $138,298 (Note 9) is an Unidentified deposits account balance with a credit balance of $14,355. I was not provided with necessary supporting documents to ascertain the accuracy of this amount. Consequently, I am unable to determine if cash at bank balance is fairly stated in the financial statements.

3. The Company has not made any provision for employee entitlements in the financial statements as required by International Financial Reporting Standards. Consequently, I am unable to confirm if provisions is correctly reported in the financial statements.

4. Included in the Borrowings of $6,725,382 is Advance from Shareholders and Loan from Government of Fiji amounting to $4,825,382 and $1,900,000 respectively. I was not provided with the written confirmation of these loan balances. Additionally, it has been disclosed in Note 12 that shareholders have agreed in principle to convert $4,825,382 as grant to the Company. However, I was not provided with any written supporting document on the status of this conversion as at 31 December 2014. As such, I am unable to satisfy myself on the accuracy and completeness of the borrowings and the related disclosure as disclosed in the financial statements.

Qualified Audit Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of Fiji Rice Limited as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without further qualifying the audit opinion emphasis is made to the following matter:

As discussed in the Note 2(b)(iii), of Significant Accounting Policies, there was an overall excess of liabilities over assets of $4,958,206 (2013: $4,646,892) as at 31 December 2014.

Other Matter

Internal control deficiencies were noted in cash, inventory and payroll which needs to be remedied promptly.

AUDITOR-GENERAL FIJI

Ajay Nand
AUDITOR-GENERAL

Suva, Fiji
27 July, 2018

FIJI RICE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 $	2013 $
Revenue	5	466,302	524,370
Cost of sales		(467,745)	(660,181)
Gross (loss) / profit		(1,443)	(135,811)
Other revenue	5	168,149	164,081
Administrative expenses		(478,020)	(297,231)
Profit/ (loss) from continuing operating activities		(311,314)	(268,961)
Income tax credit/ (expenses)	6	-	-
Loss after income tax		(311,314)	(268,961)
Other comprehensive income		-	-
Total comprehensive loss for the year		($ 311,314)	($ 268,961)

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 22.

FIJI RICE LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Notes	2014 $	2013 $
CURRENT ASSETS			
Cash on hand and at bank	9	138,816	578,706
Trade and other receivables	7	162,581	60,016
Inventories	8	83,127	41,795
		384,524	680,517
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,440,860	1,440,829
		1,440,860	1,440,829
TOTAL ASSETS		1,825,384	2,121,346
CURRENT LIABILITIES			
Trade and other payables	11	58,208	46,414
		58,208	46,414
NON-CURRENT LIABILITIES			
Borrowings	12	6,725,382	6,721,824
		6,725,382	6,721,824
TOTAL LIABILITIES		6,783,590	6,768,238
NET ASSETS		($ 4,958,206)	($ 4,646,892)
SHAREHOLDERS' EQUITY			
Share capital	13	1,506,224	1,506,224
Accumulated losses		(7,531,491)	(7,220,177)
Capital contribution	14	1,067,061	1,067,061
TOTAL SHAREHOLDERS' EQUITY		($ 4,958,206)	($ 4,646,892)

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 22.

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

Dated this 17th day of July 2018.

....
Director

....
Director

FIJI RICE LIMITED

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2014

	Share Capital $	Accumulated losses $	Capital contribution $	Total $
Balance at 31 December 2012	1,506,224	(6,951,216)	367,061	(5,077,931)
Comprehensive income				
Net loss for the year	-	(268,961)	-	(268,961)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	1,506,224	(7,220,177)	367,061	(5,346,892)
Transaction with owners				
Government grants	-	-	700,000	700,000
Balance at 31 December 2013	1,506,224	(7,220,177)	1,067,061	(4,646,892)
Comprehensive income				
Net loss for the year	-	(311,314)	-	(311,314)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	1,506,224	(7,531,491)	1,067,061	(4,958,206)
Transaction with owners				
Government grants	-	-	-	-
Balance at 31 December 2014	1,506,224	(7,531,491)	1,067,061	(4,958,206)

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 22.

FIJI RICE LIMITED

STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2014

	Note	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		535,444	680,817
Payments to suppliers and employees		(905,131)	(875,252)
Net cash used by operating activities		(369,687)	(194,435)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant & equipment		-	(14,500)
Acquisition of property, plant & equipment		(70,203)	(57,572)
Net cash used in investing activities		(70,203)	(43,072)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/(repayment) from loan(net)		-	(56,600)
Proceeds from government grants		-	700,000
Net cash provided by financing activities		-	643,400
Net (decrease) / increase in cash and cash equivalents		(439,890)	405,893
Cash and cash equivalents at the beginning of the year		578,706	172,813
Cash and cash equivalents at the end of the year	9	$ 138,816	$ 578,706

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 22.

1. GENERAL INFORMATION

Fiji Rice Limited ("the company") is incorporated and domiciled in the Republic of Fiji under the Companies Act, 1983 and its registered office and principal place of business is located at Damanu Street, Labasa, Fiji. The principal activities of the company in the course of the financial year were milling and sale of rice and poultry feed. The company also leased storage space at its Nausori warehouse.

The ultimate holding entity is the Government of Fiji.

These financial statements were authorised for issue by the directors on ______________2018. The shareholders have the power to amend the financial statements after issue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The financial statements have been prepared in accordance with the Companies Act, 1983 and International Financial Reporting Standards ('IFRS') as required by the Fiji Institute of Accountants.

b) Basis of accounting

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

i) Standards, amendments and interpretations issued but not yet effective

The financial statements of the company have been drawn up in accordance with the provisions of the Companies Act 1983 and International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the basis of historical costs, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss.

Standards, amendments and interpretations issued but not yet effective

The following standards, amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning after 1 January 2014 or later periods, but the company has not early adopted them. The company is yet to assess the impact of the above standard and intends to adopt the standard no later than the accounting period in which it becomes effective.

- Amendment to IAS 32, 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities (effective 1 January 2014)
- IFRS 9, 'Financial instruments' (effective 1 January 2015)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

b) Basis of accounting - continued

ii) Economic uncertainty

Notwithstanding the political events which have occurred in Fiji, since December 2006, and a degree of economic uncertainty resulting there from, the directors believe that taking into account the value of the business as a going concern, the assets of the Company are worth their book value. Accordingly, directors believe that the basis of preparation of accounts is appropriate, and that the classification and carrying amounts of the assets and liabilities as stated in the financial statements to be appropriate.

iii) Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of business activities and the realisation of assets and the payment of liabilities in the normal course of business. At 31 December 2014 there is an overall excess of liabilities over assets (deficiency) of $4,958,206 (2013: $4,646,892).

The principal components of liabilities are advances from shareholder and subordinated loan amounting to $6,725,382 (2013: $6,725,382). The shareholders have agreed in principle to convert $4,600,000 shareholders advance to a grant. However the directors will affect this at such point in time whereby VAT and income tax considerations have been satisfied relating to the conversion of the shareholders advance to a grant.

On this basis the directors have prepared the financial statements on a going concern basis. Consequently no adjustments have been made relating to the accountability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the company not continue as a going concern.

A summary of the significant accounting policies adopted by the company is set out in this note. The policies adopted are in accordance with International Financial Reporting Standards.

c) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Provision is raised on a specific debtor level as well as on a collective basis. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments are considered indicators that a specific debtor balance is impaired. Impairment assessed at a collective level is based on past experience and data in relation to actual write-offs. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

d) Foreign currencies

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

e) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition and installation of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Cost of leasehold land includes initial premium payment or price paid to acquire leasehold land including acquisition costs.

Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	1.25% - 2.50%
Plant and machinery	5% - 7%
Motor vehicles	10%
Furniture, fittings and equipment	5% - 7%
Tools	Replacement basis

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are taken into account in determining the results for the year.

f) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes direct materials, direct labour and an appropriate proportion of variable and fixed factory overhead expenditure, the latter being allocated on the basis of normal operating capacity. A specific provision is created for any obsolete or slow moving items.

g) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

h) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash at bank and on hand and short term deposits held with banks.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

i) Reporting currency

All figures will be reported in Fijian Dollars.

j) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost (inclusive of VAT where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the entity.

k) Income tax

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

Deferred income tax is provided in full, using the balance sheet liability method, on temporary difference arising between the tax base of asset and liabilities and their carrying amount in the financial statement. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against the temporary difference and the eligible tax losses can be utilized.

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

l) Employee benefits

Annual leave and sick leave

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

Defined contribution plans

Contributions to Fiji National Provident Fund are expensed when incurred. All employees who are Fiji citizens are members of the Fiji National Provident Fund, an independent statutory administered fund. The Company has no liability for current or past service pensions in respect of these employees.

m) Leases

Leases in which a significant portion of the risks and FIJIrds of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

n) Impairment of non-financial assets

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of comprehensive income.

o) Value Added Tax (VAT)

Revenues, expenses, assets and liabilities are recognised net of the amount of Value Added Tax (VAT), except where the amount of VAT incurred is not recoverable from the taxable authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense, or for trade receivables and trade payable which are recognised inclusive of VAT.

3. FINANACIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

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

(a) Market risk

(i) Foreign Exchange Risk

The company is exposed to foreign exchange risk arising from various currency exposures in respect to purchase of inventory, primarily with respect to the Australian and New Zealand dollar. Foreign exchange risk arises from future commercial transactions and liabilities.

Management has set up a policy to require the company to manage their foreign exchange risk against their functional currency, in this case the Fiji dollar. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other then the Fiji Dollar. For significant settlements, the company is required to seek quotations from recognised banks and use the most favourable exchange rate for purposes of the settlement.

As at year end, assets and liabilities denominated in foreign currencies are minimal and hence changes in the Australian and NZ dollars by 10% (increase or decrease) is expected to have minimal impact on the net profit and equity balances currently reflected in the company's financial statements. Because of minimal asset and liability balances in overseas currencies, there has been little sensitivity to movements in the Australian and NZ dollars in 2014.

3. FINANACIAL RISK MANAGEMENT – continued

(a) Market risk – continued

(ii) Price risk

The company does not have investments in equity securities and hence is not exposed to equity securities price risk.

(iii) Regulatory risk

The company's profitability can be significantly impacted by regulatory agencies established. Specifically, retail and wholesale prices are regulated by Prices and Incomes Board.

(iv) Cash flow and fair value interest rate risk

As the company has no significant interest-bearing assets and liabilities, the company's income and operating cash flows are substantially independent of changes in market interest rates.

(b) Credit risk

Credit risk is managed by executive management with board oversight. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. As part of its risk control procedures, an assessment of the credit quality of a new customer, taking into account its financial position, past experience and other factors, is carried out prior to the credit approval. Individual credit risk limits are then set based on the assessments done. Individual risk limits are set based on assessments done. The utilisation of credit limits is regularly monitored. Sales to credit retail customers are settled in either cash or cheques.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet the company's present obligations.

The company manages liquidity risk by continuously monitoring forecast and actual cash flows. All of the company's financial liabilities, i.e trade and other payables at balance date are expected to be settled within the next 12 months.

Advances and loans from the Government of Fiji are non-interest bearing and in the opinion of the directors will not be due for payment in the next twelve months. The shareholders have agreed in principle to convert $4,600,000 of shareholders advance to a grant.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Impairment of accounts receivable

Impairment of accounts receivable balances is assessed at an individual as well as on a collective level. At a collective level all debtors in the + 90 days category (excluding those covered by a specific impairment provision) are estimated to have been impaired and are accordingly provided for.

(b) Impairment of property, plant and equipment

The company assesses whether there are any indicators of impairment of all property, plant and equipment at each reporting date. Property, plant and equipment are tested for impairment and when there are indicators that the carrying amount may not be recoverable, reasonable provision for impairment are created. For the year ended 31 December 2014, no provision for impairment has been made as the company reasonably believes that no indicators for impairment exist.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS - continued

(c) Deferred tax assets

Deferred tax assets relating to tax losses and provisions have not been brought to account as it is not probable that future taxable profit will be available against which temporary differences and eligible tax losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely and level of future taxable profits together with future planning strategies.

5. REVENUE AND EXPENSES

	2014 $	2013 $
(i) Operating Revenue:		
Milled Grain	466,302	524,370
(ii) Other Revenue:		
Rent	146,876	135,108
Sundry income	21,273	28,973
Total other revenue	$ 168,149	$ 164,081

6. INCOME TAX

(a) INCOME TAX EXPENSE

The prima facie tax expense on the operating profit/(loss) differs from the income tax provided in the financial statements and is reconciled as follows:

	2014 $	2013 $
Operating loss before income tax	(311,314)	(268,961)
Prima facie income tax expense/ (benefit) calculated at 20% on the operating loss (2013:20%)	(62,262)	(53,759)
Tax benefit recouped	-	-
Tax effect of tax loss not recognised	62,262	53,759
Income tax expense/ (benefit)	$ -	$ -

6. INCOME TAX - continued

(b) INCOME TAX BENEFIT

In accordance with the policy stated in note 2(k) the deferred tax assets of $193,017 (2013: $149,873) attributable to unconfirmed tax losses has not been brought to account as an asset. The asset will only be recognised if:

i) the company derives assessable income of a nature and of sufficient amount to enable the benefit of tax losses and deductions to be realised,

ii) the conditions for deductibility imposed by law are complied with, and

iii) tax law does not change in a manner which adversely affects realisation of the benefit.

7. TRADE AND OTHER RECEIVABLES

	2014 $	2013 $
Trade receivables	87,277	28,160
Provision for impairment	(10,396)	(10,396)
	76,881	17,764
Other debtors and prepayments	430,159	386,711
Provision for impairment	(344,459)	(344,459)
	$ 162,581	$ 60,016

The ageing analysis of trade receivables is as follows:		
Current	-	6,116
1 to 3 months	5,740	5,740
Over 3 months	16,304	16,304
	$ 87,277	$ 28,160

Movement in the provision for impairment is as follows:		
Opening balance	354,855	354,855
Provision for impairment	-	-
Bad debts written off	-	-
Closing balance	$ 354,855	$ 354,855

The company does not hold any collateral as security.

8. INVENTORIES

Raw materials	67,072	25,004
Consumables	16,055	16,791
	$ 83,127	$ 41,795

9. CASH ON HAND AND AT BANK

	2014 $	2013 $
Cash at bank	138,298	578,597
Cash on hand	518	109
	$ 138,816	$ 578,706

10. PROPERTY, PLANT AND EQUIPMENT

(i) Movements in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Leasehold land and buildings $	Motor vehicle $	Furniture fittings and equipment $	Mill machinery and plant $	Total $
2013					
Opening	1,283,423	53,033	9,743	108,608	1,454,807
Additions	176	51,735	1,142	4,519	57,572
Disposals	-	(6,072)	-	-	6,072
Depreciation	(23,800)	(17,088)	(2,587)	(22,003)	(65,478)
Net book value	$ 1,259,799	$ 81,608	$ 8,298	$ 91,124	$ 1,440,829
31 December 2013					
Cost	1,626,766	208,225	196,356	1,087,832	3,119,179
Acc. depreciation	(366,967)	(126,617)	(188,058)	(996,708)	(1,678,350)
Net book value	$ 1,259,799	$ 81,608	$ 8,298	$ 91,124	$ 1,440,829
2014					
Opening	1,259,799	81,608	8,298	91,124	1,440,829
Additions	1,800	-	3,815	64,588	70,203
Disposals	-	-	-	-	-
Depreciation	(23,800)	(17,477)	(3,095)	(25,800)	(70,172)
Net book value	$ 1,237,799	$ 64,131	$ 9,018	$ 129,912	$ 1,440,860
31 December 2014					
Cost	1,628,566	208,225	200,171	1,152,420	3,189,382
Acc. depreciation	(390,767)	(144,094)	(191,153)	(1,022,508)	(1,748,522)
Net book value	$ 1,237,799	$ 64,131	$ 9,018	$ 129,912	$ 1,440,860

11. TRADE AND OTHER PAYABLES

	2014 $	2013 $
Trade creditors and accruals	$ 58,208	$ 46,414

12. BORROWINGS

	2014	2013
FDB Loan – Interest bearing	-	(3,558)
Advance from shareholder	4,825,382	4,825,382
Loan from Government of Fiji	1,900,000	1,900,000
	$ 6,725,382	$ 6,721,824

Advances and loans from the Government of Fiji are non-interest bearing and in the opinion of the directors will not be due for payment in the next twelve months. The shareholders have agreed in principle to convert $4,600,000 of shareholders advance to a grant. However the directors will effect this at such point in time whereby tax considerations have been satisfied relating to the conversion of the shareholders advance to a grant.

13. SHARE CAPITAL

	2014	2013
Authorised Capital 950,000 ordinary shares of $2 each	1,900,000	1,900,000
Issued and fully paid 753,112 ordinary shares of $2 each	1,506,224	1,506,224

14. CAPITAL CONTRIBUTION

	2014	2013
Government grant	-	1,067,061

15. EARNINGS / (LOSS) PER SHARE

	2014	2013
Net profit/ (loss) for the year	(311,314)	(268,961)
Number of equity shares outstanding (Nos.)	753,112	753,112
Basic and diluted earnings / (loss) per share	($ 0.41)	($ 0.36)

16. RELATED PARTIES

		2014 $	2013 $

(a) The following were directors of the Company at any time during the financial year and up to the date of this report:

Raj Sharma – Chairman
Ashok Kumar
Vijay Chand
Ratu William Katonivere

(b) Directors fees and other benefits paid are as follows:

	2014	2013
Directors fees	34,934	11,617
Directors allowances	-	-
Chairman's entitlement	673	976

(c) Identity of related parties

The company has a related party relationship with the Government of Fiji. The Government of Fiji is a related party by virtue of its shareholding. The company pays for Government services provided and taxes on the same basis as any other corporate entity in Fiji.

(d) Amounts receivable payable to related parties

		2014	2013
Advance from shareholder	12	4,825,382	4,825,382
Loan from Government of Fiji	12	1,900,000	1,900,000

(e) Transactions with key management personnel

Key management personnel comprise of Manager, Accountant & Engineer.

Transaction with key management are no more favourable than those available, or which might be reasonably be expected to be available, on similar transactions to third parties at arm's length.

	2014	2013
Salary and allowance	69,000	12,000
Contribution to Fiji National Provident Fund	5,520	960
	$ 74,520	$ 12,960

17. CAPITAL COMMITMENTS

Capital Commitments at balance date - $Nil (2013: $Nil).

18. CONTINGENT LIABILITIES

Contingent liabilities at balance date - $Nil (2013: $Nil).

19. SUBSEQUENT EVENTS

Subsequent events at balance date - $Nil (2013: $Nil).

20. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Effective from 2 November 2016, the Company's name has been changed from Rewa Rice Limited to Fiji Rice Limited. This was officially announced by Hon. Faiyaz Koya, Minister for Industry, Trade and Tourism on 4 March 2017.

FIJI RICE LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

Content	**Page No(s)**

DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the statement of financial position of the company as at 31 December 2015, and the related statement of comprehensive income, changes in equity and cash flows for the year ended on that date and report as follows:

1 Directors

The following were directors of the company at any time during the financial year and up to the date of this report:

- Raj Sharma – Chairman – from 15 May 2013
- Ashok Kumar
- Vijay Chand
- Ratu William Katonivere

2 Principal Activities

The principal activities of the company in the course of the financial year were milling and sale of rice and poultry feed. The company also leased storage space at its Nausori warehouse.

3 Results

The operating loss after income tax for the year was $318,691 (2014: Operating loss of $311,314).

4 Dividends

No dividend has been paid or recommended to be paid by the directors for the year.

5 Reserves

The directors recommend that no transfer be made to reserves within the meaning of the Seventh Schedule of the Companies Act, 1983.

6 Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of business. At 31 December 2014 there is an overall excess of liabilities over assets (deficiency) of $4,398,398 (2014:$4,958,206).

The principal components of liabilities are advances from shareholder and subordinated loans amounting to $6,725,382 (2013: $6,725,382). The shareholders have agreed in principle to convert $4,600,000 shareholders advance to a grant. However, the directors will affect this at such a point in time whereby VAT and income tax considerations have been satisfied relating to the conversion of the shareholders advance to a grant.

On this basis the directors have prepared the financial statements on a going concern basis. Consequently no adjustments have been made relating to the accountability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the company not continue as a going concern.

DIRECTORS' REPORT - Continued

7 Bad and Doubtful Debts

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

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

8 Non-Current Assets

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

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

9 Unusual Transactions

The results of the company's operations during the financial year have not in the opinion of the directors been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

10 Events Subsequent to Balance Date

Subsequent events at balance date - $nil (2014: $nil).

11 Other Circumstances

At the date of this report:

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

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

DIRECTORS' REPORT – Continued

12 Directors Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or received as the fixed salary of a full-time employee of the company or of a related corporation) by reason of a contract made by the company or by a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

Dated this 17th day of July 2018.

....
Director

....
Director

STATEMENT BY DIRECTORS

In accordance with a resolution of the Board of Directors of Fiji Rice Limited, we state that in the opinion of the directors:

(i) the accompanying statement of comprehensive income of the company is drawn up so as to give a true and fair view of the results of the company for the year ended 31 December 2015;

(ii) the accompanying statement of changes in equity of the company is drawn up so as to give a true and fair view of the changes in equity of the company for the year ended 31 December 2015;

(iii) the accompanying statement of financial position of the company is drawn up so as to give a true and fair view of the state of affairs of the company as at 31 December 2015;

(iv) the accompanying statement of cash flows of the company is drawn up so as to give a true and fair view of the cash flows of the company for the year ended 31 December 2015;

(v) at the date of this statement there are reasonable grounds to believe the company will be able to pay its debts as and when they fall due; and

(vi) all related party transactions have been adequately recorded in the books of the company.

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

Dated this 17th day of July 2018.

....
Director

....
Director

OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing

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INDEPENDENT AUDITOR'S REPORT

FIJI RICE LIMITED

I have audited the accompanying financial statements of Fiji Rice Limited, which comprise the Statement of Financial Position as at 31 December 2015, 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 20.

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 Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation 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 judgment, 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 I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Audit Opinion

1. The Company, in accordance with a circular issued by the Ministry of Public Enterprises on Cabinet Decision No. 357 of 2012, accounts for all government grants received from 1 January 2011 as capital contributions. This is a departure from the International Financial Reporting Standard (IAS) 20 *"Accounting for Government Grants and Disclosure of Government Assistance"* which requires government grants related to income to be recognized as income in the period in which it is receivable and that the Company will comply with the conditions attached to the grants. The Company's records indicate that, had the Company complied with IAS 20 the impact would be an increase in revenue by $700,000, increase in deferred grant by $178,500 and a decrease in accumulated losses and capital contribution by $1,945,561.

2. Included in the cash at bank balance of $703,153 (Note 9) is Unidentified deposits account with a credit balance of $15,640.62. I was not provided with necessary supporting documents to ascertain the accuracy of this amount. Consequently, I am unable to determine if cash at bank balance is fairly stated in the financial statements.

3. Included in the Trade creditors and accruals balance of $86,940 (Note 11) is an amount of $55,084. I was not provided with the supporting documents to ascertain the existence and accuracy of this amount. Consequently, I am unable to determine if Trade creditors and accruals is fairly stated in the financial statements.

4. The Company has not made any provision for employee entitlements in the financial statements as required by International Financial Reporting Standards. Consequently, I am unable to confirm if provisions is correctly reported in the financial statements.

5. There is an unreconciled variance of $33,930 in Trade Receivables (Note 7) between the general ledger and the subsidiary ledger. Due to the variance I was unable to establish the accuracy of the Trade Receivable balance of $125,918 recorded in the financial statements.

6. Included in the Borrowings of $6,725,382 Note 12 is Advance from Shareholders and Loan from Government of Fiji amounting to $4,825,382 and $1,900,000 respectively. I was not provided with the written confirmation of these loan balances. Additionally, it has been disclosed in Note 12 that shareholders have agreed in principle to convert $4,825,382 as grant to the Company. However, I was not provided with any written supporting document on the status of this conversion as at 31 December 2015. As such, I am unable to satisfy myself on the accuracy and completeness of the borrowings and the related disclosure as disclosed in the financial statements.

Qualified Audit Opinion

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements give a true and fair view of the financial position of Fiji Rice Limited as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without further qualifying the audit opinion emphasis is made to the following matter:

As discussed in the Note 2(b)(iii), of Significant Accounting Policies, there was an overall excess of liabilities over assets of $4,398,398 (2014: $4,958,206) as at 31 December 2015.

Other Matters

Internal control deficiencies were noted in cash, inventory and payroll which needs to be remedied promptly.

Ajay Nand
AUDITOR-GENERAL

AUDITOR-GENERAL FIJI

Suva, Fiji
27 July, 2018

FIJI RICE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 $	2014 $
Revenue	5	688,795	466,302
Cost of sales		(723,331)	(467,745)
Gross loss		(34,536)	(1,443)
Other revenue	5	161,080	168,149
Administrative expenses		(445,235)	(478,020)
Loss from continuing operating activities		(318,691)	(311,314)
Income tax credit/ (expenses)	6	-	-
Loss after income tax		(318,691)	(311,834)
Other comprehensive income		-	-
Total comprehensive loss for the year		($ 318,691)	($ 311,314)

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 22.

FIJI RICE LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Notes	2015 $	2014 $
CURRENT ASSETS			
Cash on hand and at bank	9	703,675	138,816
Trade and other receivables	7	225,739	162,581
Inventories	8	81,308	83,127
		1,010,722	384,524
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,403,202	1,440,860
		1,403,202	1,440,860
TOTAL ASSETS		2,413,924	1,825,384
CURRENT LIABILITIES			
Trade and other payables	11	86,940	58,208
		86,940	58,208
NON-CURRENT LIABILITIES			
Borrowings	12	6,725,382	6,725,382
		6,725,382	6,725,382
TOTAL LIABILITIES		6,812,322	6,783,590
NET ASSETS		($ 4,398,398)	($ 4,958,206)
SHAREHOLDERS' EQUITY			
Share capital	13	1,506,224	1,506,224
Accumulated losses		(7,850,183)	(7,531,491)
Capital contribution	14	1,945,561	1,067,061
TOTAL SHAREHOLDERS' EQUITY		($ 4,398,398)	($ 4,958,206)

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 22.

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

Dated this 17th day of July 2018.

....
Director

....
Director

FIJI RICE LIMITED

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2015

	Share Capital $	Accumulated losses $	Capital contribution $	Total $
Balance at 31 December 2013	1,506,224	(7,220,177)	1,067,061	(4,646,892)
Comprehensive income				
Net loss for the year	-	(311,314)	-	(311,314)
Total comprehensive income for the year	1,506,224	(7,531,491)	1,067,061	(4,958,206)
Transaction with owners				
Government grants	-	-	-	-
Balance at 31 December 2014	1,506,224	(7,531,491)	1,067,061	(4,958,206)
Comprehensive income				
Net loss for the year	-	(318,691)	-	(318,691)
Total comprehensive income for the year	1,506,224	(7,850,183)	1,067,061	(5,276,897)
Transaction with owners				
Government grants	-	-	878,500	878,500
Balance at 31 December 2015	1,506,224	(7,850,183)	1,945,561	(4,398,398)

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 22.

FIJI RICE LIMITED

STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2015

	Note	2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		786,717	535,444
Payments to suppliers and employees		(1,072,853)	(905,131)
Net cash used in operating activities		(286,136)	(369,687)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant & equipment		8,167	-
Acquisition of property, plant & equipment		(35,672)	(70,203)
Net cash used in investing activities		(27,505)	(70,203)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from government grants		878,500	-
Net cash provided by financing activities		878,500	-
Net (decrease) / increase in cash and cash equivalents		564,859	(439,890)
Cash and cash equivalents at the beginning of the year		138,816	578,706
Cash and cash equivalents at the end of the year	9	$ 703,675	$ 138,816

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 22.

1. GENERAL INFORMATION

Fiji Rice Limited ("the company") is incorporated and domiciled in the Republic of Fiji under the Companies Act, 1983 and its registered office and principal place of business is located at Damanu Street, Labasa, Fiji. The principal activities of the company in the course of the financial year were milling and sale of rice and poultry feed. The company also leased storage space at its Nausori warehouse.

The ultimate holding entity is the Government of Fiji.

These financial statements were authorised for issue by the directors on ________________2018. The shareholders have the power to amend the financial statements after issue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The financial statements have been prepared in accordance with the Companies Act, 1983 and International Financial Reporting Standards ('IFRS') as required by the Fiji Institute of Accountants.

b) Basis of accounting

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

i) Standards, amendments and interpretations issued but not yet effective

The financial statements of the company have been drawn up in accordance with the provisions of the Companies Act 1983 and International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the basis of historical costs, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss.

Standards, amendments and interpretations issued but not yet effective

The following standards, amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning after 1 January 2015 or later periods, but the company has not early adopted them. The company is yet to assess the impact of the above standard and intends to adopt the standard no later than the accounting period in which it becomes effective.

- IFRS 9, 'Financial instruments' (effective 1 January 2015)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

b) Basis of accounting - continued

ii) Economic uncertainty

Notwithstanding the political events which have occurred in Fiji, since December 2006, and a degree of economic uncertainty resulting there from, the directors believe that taking into account the value of the business as a going concern, the assets of the Company are worth their book value. Accordingly, directors believe that the basis of preparation of accounts is appropriate, and that the classification and carrying amounts of the assets and liabilities as stated in the financial statements to be appropriate.

iii) Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of business activities and the realisation of assets and the payment of liabilities in the normal course of business. At 31 December 2014 there is an overall excess of liabilities over assets (deficiency) of $4,398,398 (2013: $4,958,206).

The principal components of liabilities are advances from shareholder and subordinated loan amounting to $6,725,382 (2013: $6,725,382). The shareholders have agreed in principle to convert $4,600,000 shareholders advance to a grant. However the directors will affect this at such point in time whereby VAT and income tax considerations have been satisfied relating to the conversion of the shareholders advance to a grant.

On this basis the directors have prepared the financial statements on a going concern basis. Consequently no adjustments have been made relating to the accountability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the company not continue as a going concern.

A summary of the significant accounting policies adopted by the company is set out in this note. The policies adopted are in accordance with International Financial Reporting Standards.

c) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Provision is raised on a specific debtor level as well as on a collective basis. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments are considered indicators that a specific debtor balance is impaired. Impairment assessed at a collective level is based on past experience and data in relation to actual write-offs. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

d) Foreign currencies

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

e) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition and installation of the items.

Subsequent costs are included in the asset carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Cost of leasehold land includes initial premium payment or price paid to acquire leasehold land including acquisition costs.

Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	1.25% - 2.50%
Plant and machinery	5% - 7%
Motor vehicles	10%
Furniture, fittings and equipment	5% - 7%
Tools	Replacement basis

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are taken into account in determining the results for the year.

f) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes direct materials, direct labour and an appropriate proportion of variable and fixed factory overhead expenditure, the latter being allocated on the basis of normal operating capacity. A specific provision is created for any obsolete or slow moving items.

g) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

h) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash at bank and on hand and short term deposits held with banks.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

i) Reporting currency

All figures will be reported in Fijian Dollars.

j) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost (inclusive of VAT where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the entity.

k) Income tax

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

Deferred income tax is provided in full, using the balance sheet liability method, on temporary difference arising between the tax base of asset and liabilities and their carrying amount in the financial statement. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against the temporary difference and the eligible tax losses can be utilized.

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

l) Employee benefits

Annual leave and sick leave

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

Defined contribution plans

Contributions to Fiji National Provident Fund are expensed when incurred. All employees who are Fiji citizens are members of the Fiji National Provident Fund, an independent statutory administered fund. The Company has no liability for current or past service pensions in respect of these employees.

m) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

n) Impairment of non-financial assets

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of comprehensive income.

o) Value Added Tax (VAT)

Revenues, expenses, assets and liabilities are recognised net of the amount of Value Added Tax (VAT), except where the amount of VAT incurred is not recoverable from the taxable authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense, or for trade receivables and trade payable which are recognised inclusive of VAT.

3. FINANACIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

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

(a) Market risk

(i) Foreign Exchange Risk

The company is exposed to foreign exchange risk arising from various currency exposures in respect to purchase of inventory, primarily with respect to the Australian and New Zealand dollar. Foreign exchange risk arises from future commercial transactions and liabilities.

Management has set up a policy to require the company to manage their foreign exchange risk against their functional currency, in this case the Fiji dollar. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other then the Fiji Dollar. For significant settlements, the company is required to seek quotations from recognised banks and use the most favourable exchange rate for purposes of the settlement.

As at year end, assets and liabilities denominated in foreign currencies are minimal and hence changes in the Australian and NZ dollars by 10% (increase or decrease) is expected to have minimal impact on the net profit and equity balances currently reflected in the company's financial statements. Because of minimal asset and liability balances in overseas currencies, there has been little sensitivity to movements in the Australian and NZ dollars in 2015.

3. FINANACIAL RISK MANAGEMENT – continued

(a) Market risk – continued

(ii) Price risk

The company does not have investments in equity securities and hence is not exposed to equity securities price risk.

(iii) Regulatory risk

The company's profitability can be significantly impacted by regulatory agencies established. Specifically, retail and wholesale prices are regulated by Fijian Competition and Consumer Commission.

(iv) Cash flow and fair value interest rate risk

As the company has no significant interest-bearing assets and liabilities, the company's income and operating cash flows are substantially independent of changes in market interest rates.

(b) Credit risk

Credit risk is managed by executive management with board oversight. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. As part of its risk control procedures, an assessment of the credit quality of a new customer, taking into account its financial position, past experience and other factors, is carried out prior to the credit approval. Individual credit risk limits are then set based on the assessments done. Individual risk limits are set based on assessments done. The utilisation of credit limits is regularly monitored. Sales to credit retail customers are settled in either cash or cheques.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet the company's present obligations.

The company manages liquidity risk by continuously monitoring forecast and actual cash flows. All of the company's financial liabilities, i.e trade and other payables at balance date are expected to be settled within the next 12 months.

Advances and loans from the Government of Fiji are non-interest bearing and in the opinion of the directors will not be due for payment in the next twelve months. The shareholders have agreed in principle to convert $4,600,000 of shareholders advance to a grant.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Impairment of accounts receivable

Impairment of accounts receivable balances is assessed at an individual as well as on a collective level. At a collective level all debtors in the + 90 days category (excluding those covered by a specific impairment provision) are estimated to have been impaired and are accordingly provided for.

(b) Impairment of property, plant and equipment

The company assesses whether there are any indicators of impairment of all property, plant and equipment at each reporting date. Property, plant and equipment are tested for impairment and when there are indicators that the carrying amount may not be recoverable, reasonable provision for impairment are created. For the year ended 31 December 2015, no provision for impairment has been made as the company reasonably believes that no indicators for impairment exist.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS - continued

(c) Deferred tax assets

Deferred tax assets relating to tax losses and provisions have not been brought to account as it is not probable that future taxable profit will be available against which temporary differences and eligible tax losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely and level of future taxable profits together with future planning strategies.

5. REVENUE AND EXPENSES

	2015 $	2014 $
(i) Operating Revenue:		
Milled Grain	688,795	466,302
(ii) Other Revenue:		
Rent	160,158	146,876
Sundry income	922	21,273
Total other revenue	$ 161,080	$ 168,149

6. INCOME TAX

(a) INCOME TAX EXPENSE

The prima facie tax expense on the operating profit/(loss) differs from the income tax provided in the financial statements and is reconciled as follows:

	2015	2014
Operating loss before income tax	(318,691)	(311,314)
Prima facie income tax expense/ (benefit) calculated at 20% on the operating loss (2014:20%)	(63,738)	(62,262)
Tax benefit recouped	-	-
Tax effect of tax loss not recognised	63,738	62,262
Income tax expense/ (benefit)	$ -	$ -

6. INCOME TAX - continued

(b) INCOME TAX BENEFIT

In accordance with the policy stated in note 2(k) the deferred tax assets of $234,709 (2014: $193,017) attributable to unconfirmed tax losses has not been brought to account as an asset. The asset will only be recognised if:

i) the company derives assessable income of a nature and of sufficient amount to enable the benefit of tax losses and deductions to be realised,

ii) the conditions for deductibility imposed by law are complied with, and

iii) tax law does not change in a manner which adversely affects realisation of the benefit.

7. TRADE AND OTHER RECEIVABLES

	2015 $	2014 $
Trade receivables	136,314	87,277
Provision for impairment	(10,396)	(10,396)
	125,918	76,881
Other debtors and prepayments	430,159	430,159
Provision for impairment	(344,459)	(344,459)
	$ 225,739	$ 162,581

The ageing analysis of trade receivables is as follows:		
Current	-	-
1 to 3 months	99,500	5,740
Over 3 months	36,814	16,304
	$ 136,314	$ 87,277

Movement in the provision for impairment is as follows:		
Opening balance	354,855	354,855
Provision for impairment	-	-
Closing balance	$ 354,855	$ 354,855

The company does not hold any collateral as security.

8. INVENTORIES

Raw materials	51,498	67,072
Finished goods	7,071	-
Consumables	22,739	16,055
	$ 81,308	$ 83,127

9. CASH ON HAND AND AT BANK

	2015 $	2014 $
Cash at bank	703,154	138,298
Cash on hand	521	518
	$ 703,675	$ 138,816

10. PROPERTY, PLANT AND EQUIPMENT

Movements in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Leasehold land and buildings $	Motor vehicle $	Furniture fittings and equipment $	Mill machinery and plant $	Total $
2014					
Opening	1,259,799	81,608	8,298	91,124	1,440,829
Additions	1,800	-	3,815	64,588	70,203
Disposals	-	-	-	-	-
Depreciation	(23,800)	(17,477)	(3,095)	(25,800)	(70,172)
Net book value	$ 1,237,799	$ 64,131	$ 9,018	$ 129,912	$ 1,440,860
31 December 2014					
Cost	1,628,566	208,225	200,171	1,152,420	3,189,382
Acc. depreciation	(390,767)	(144,094)	(191,153)	(1,022,508)	(1,748,522)
Net book value	$ 1,237,799	$ 64,131	$ 9,018	$ 129,912	$ 1,440,860
2015					
Opening	1,237,799	64,131	9,018	129,912	1,440,860
Additions	-	17,431	4,452	13,789	35,672
Disposals	-	(8,167)	-	-	(8,167)
Depreciation	(23,881)	(12,114)	(2,008)	(27,159)	(65,162)
Net book value	$ 1,213,918	$ 61,281	$ 11,462	$ 116,542	$ 1,403,202
31 December 2015					
Cost	1,628,565	249,413	204,623	1,166,209	3,248,809
Acc. depreciation	(414,647)	(188,133)	(193,161)	(1,049,667)	(1,845,608)
Net book value	$ 1,213,918	$ 61,280	$ 11,462	$ 116,542	$ 1,403,202

11. TRADE AND OTHER PAYABLES

	2015 $	2014 $
Trade creditors and accruals	$ 86,940	$ 58,208

12. BORROWINGS

	2015 $	2014 $
Advance from shareholder	4,825,382	4,825,382
Loan from Government of Fiji	1,900,000	1,900,000
	$ 6,725,382	$ 6,725,382

Advances and loans from the Government of Fiji are non-interest bearing and in the opinion of the directors will not be due for payment in the next twelve months. The shareholders have agreed in principle to convert $4,600,000 of shareholders advance to a grant. However the directors will effect this at such point in time whereby tax considerations have been satisfied relating to the conversion of the shareholders advance to a grant.

13. SHARE CAPITAL

	2015 $	2014 $
Authorised Capital 950,000 ordinary shares of $2 each	1,900,000	1,900,000
Issued and fully paid 753,112 ordinary shares of $2 each	1,506,224	1,506,224

14. CAPITAL CONTRIBUTION

	2015 $	2014 $
Government grant	1,945,561	1,067,061

15. EARNINGS / (LOSS) PER SHARE

	2015 $	2014 $
Net loss for the year	(318,691)	(311,314)
Number of equity shares outstanding (Nos.)	753,112	753,112
Basic and diluted earnings / (loss) per share	($ 0.42)	($ 0.41)

16. RELATED PARTIES

		2015 $	2014 $

(a) The following were directors of the Company at any time during the financial year and up to the date of this report:

Raj Sharma – Chairman
Ashok Kumar
Vijay Chand
Ratu William Katonivere

(b) Directors fees and other benefits paid are as follows:

	2015	2014
Directors fees	21,427	34,934
Directors allowances	-	-
Chairman's entitlement	-	673

(c) Identity of related parties

The company has a related party relationship with the Government. The Government of Fiji is a related party by virtue of its shareholding. The company pays for Government services provided and taxes on the same basis as any other corporate entity in Fiji.

(d) Amounts receivable payable to related parties

		2015	2014
Advance from shareholder	12	4,825,382	4,825,382
Loan from Government of Fiji	12	1,900,000	1,900,000

(e) Transactions with key management personnel

Key management personnel comprise of Manager, Accountant & Engineer.

Transaction with key management are no more favourable than those available, or which might be reasonably be expected to be available, on similar transactions to third parties at arm's length.

	2015	2014
Salary and allowance	69,000	12,000
Contribution to Fiji National Provident Fund	5,520	960
	$ 74,520	$ 12,960

17. CAPITAL COMMITMENTS

Capital Commitments at balance date - $Nil (2014: $Nil).

18. CONTINGENT LIABILITIES

Contingent liabilities at balance date - $Nil (2014: $Nil).

19. SUBSEQUENT EVENTS

Subsequent events at balance date - $Nil (2014: $Nil).

20. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Effective from 2 November 2016, the Company's name has been changed from Rewa Rice Limited to Fiji Rice Limited. This was officially announced by Hon. Faiyaz Koya, Minister for Industry, Trade and Tourism on 4 March 2017.

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Excellence in Public Sector Auditing

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Website: http://www.oag.gov.fj

File: 1268

9 August 2019

Mr. Raj Sharma
Chairman
Fiji Rice Limited
P O Box 466
LABASA

Dear Mr. Sharma

FIJI RICE LIMITED
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016 & 2017

Audited financial statements of the Fiji Rice Limited for the years ended 31 July 2016 and 2017 together with my audit report on them are enclosed.

Particulars of the errors and omissions arising from the audit have been forwarded to the Management for necessary actions.

Yours sincerely

Ajay Nand
AUDITOR-GENERAL

Encl.

cc: Ashrit Pratap – Manager, Fiji Rice Limited

FIJI RICE LIMITED
FINANCIAL STATEMENTS
PERIOD ENDED 31 JULY 2016

DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the statement of financial position of the company as at 31 July 2016, and the related statement of comprehensive income, changes in equity and cash flows for the year ended on that date and report as follows:

1 Directors

The following were directors of the company at any time during the financial year and up to the date of this report:

- Raj Sharma – Chairman
- Ashok Kumar
- Vijay Chand
- Ratu William Katonivere

2 Principal Activities

The principal activities of the company in the course of the financial year were milling and sale of rice and poultry feed. The company also leased storage space at its Nausori warehouse.

3 Results

The operating profit after income tax for the seven months was \$105,951 (2015: Operating loss of \$318,691).

4 Dividends

No dividend has been paid or recommended to be paid by the directors for the year.

5 Reserves

The directors recommend that no transfer be made to reserves within the meaning of Part 11 of the Companies Act 2015.

6 Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of business. At 31 July 2016 there is an overall excess of liabilities over assets (deficiency) of \$4,673,748.

The principal components of liabilities are advances from shareholder and subordinated loans amounting to \$6,758,548. The shareholders have agreed in principle to convert \$4,600,000 shareholders advance to a grant. However, the directors will affect this at such a point in time whereby VAT and income tax considerations have been satisfied relating to the conversion of the shareholders advance to a grant. Continuous government assistance and new sources of revenue may be sought as operating losses have been increasing.

On this basis the directors have prepared the financial statements on a going concern basis. Consequently no adjustments have been made relating to the accountability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the company not continue as a going concern.

DIRECTORS' REPORT - Continued

7 Bad and Doubtful Debts

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

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

8 Non-Current Assets

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

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

9 Unusual Transactions

The results of the company's operations during the financial year have not in the opinion of the directors been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

10 Events Subsequent to Balance Date

Since the end of the financial year, the Company is not aware of any matter or circumstance not otherwise dealt with in the report or financial statements that has significantly or may significantly affect the operations of the Company, the results of those operations or state of affairs of the Company in subsequent years.

11 Other Circumstances

At the date of this report:

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

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

DIRECTORS' REPORT – Continued

12 Directors Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or received as the fixed salary of a full-time employee of the company or of a related corporation) by reason of a contract made by the company or by a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

Dated this 8th day of August 2019.

Director

Director

STATEMENT BY DIRECTORS

In accordance with a resolution of the Board of Directors of Fiji Rice Limited, we state that in the opinion of the directors:

(i) the accompanying statement of comprehensive income of the company is drawn up so as to give a true and fair view of the results of the company for the period ended 31 July 2016;

(ii) the accompanying statement of changes in equity of the company is drawn up so as to give a true and fair view of the changes in equity of the company for the period ended 31 July 2016;

(iii) the accompanying statement of financial position of the company is drawn up so as to give a true and fair view of the state of affairs of the company as at 31 July 2016;

(iv) the accompanying statement of cash flows of the company is drawn up so as to give a true and fair view of the cash flows of the company for the period ended 31 July 2016;

(v) at the date of this statement there are reasonable grounds to believe the company will be able to pay its debts as and when they fall due; and

(vi) all related party transactions have been adequately recorded in the books of the company.

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

Dated this day of 2019.

....
Director

....
Director

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INDEPENDENT AUDITOR'S REPORT

FIJI RICE LIMITED

I have audited the accompanying financial statements of Fiji Rice Limited ("the Company"), which comprise the statement of financial position for the seven months ended 31 July 2016, statement of comprehensive income, statement of changes in equity and statement of cash flow, and a summary of significant accounting policies and other explanatory information as set out on notes 1 to 20.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Fiji Rice Limited as at 31 July 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

1. Included in the cash at bank balance of $90,997 (Note 9) is Unidentified deposits with a credit balance of $15,641. I was not provided with necessary supporting documents to ascertain the accuracy of this amount. Consequently, I am unable to determine if cash at bank balance is accurately stated in the financial statements.

2. Included in the Trade creditors and accruals balance of $366,008 (Note 11) is an amount of $31,855 and VAT payable of $146,245. I was not provided with the supporting documents and reconciliations of these balances to ascertain its accuracy. Consequently, I am unable to determine if Trade creditors and accruals is fairly stated in the financial statements.

3. The Company has reported nil provision for employee entitlements in the financial statements. I was not provided with the necessary supporting documents to ascertain employee entitlements. Consequently, I am unable to determine if any adjustments is required in the statement of income statement and statement of financial position in relation to employee entitlements.

4. There is an unreconciled variance of $10,971 in Trade Receivables (Note 7) between the general ledger and the subsidiary ledger. Consequently, I am unable to determine if Trade and Other Receivables is accurately stated in the financial statements.

5. Included in the Borrowings of $6,758,548 (Note 12) is Advance from Shareholders amounting to $4,825,382. I was not provided with the written confirmation of the Loan balance. Additionally it has been disclosed in Note 12 that shareholders have agreed in principal to convert $4,825,382 as grant to the Company. However, I was not provided with any written supporting document on the status of this conversion as at 31 July 2016. As such, I am unable to satisfy myself on the accuracy and completeness of the borrowings and the related disclosure as disclosed in the financial statement.

6. The Company did not provide supporting schedules for computation of income tax to support the Income Tax expenses of $72,344 as disclosed under Note 6(a). As a result, I unable to satisfy myself on the accuracy and completeness of the income tax expense and if any adjustment is required for the related income tax payable, deferred tax asset and deferred tax liability in the statement of financial position.

7. The Company changed its financial year from 31 December to 31 July. I was not informed of the change prior to 31 July 2016 and therefore could not attend the stock take for the period ended 31 July 2016. As a result, we were unable to verify the existence of inventory at balance date. I was also unable to ascertain the existence of the inventory through alternative audit procedures. Consequently, I am unable to ascertain the accuracy of the inventory of $319,057 reported in the statement of financial position.

I have conducted my audit in accordance with International Standards on Auditing (ISA). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the International Ethics Standards Board for Accountants 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 other ethical 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.

Emphasis of Matter

Without further qualifying the audit opinion emphasis is made to the following matter:

As discussed in the Note 2(b)(ii), of Significant Accounting Policies, there was an overall excess of liabilities over assets of $4,673,478 (2015: $4,398,398) as at 31 July 2016.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, Companies (Amendment) Act 2015, and for such internal control as management determines 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 is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The Board members are responsible of overseeing the entity's financial reporting process.

Auditor's Responsibility 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 and 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 International Standards on Auditing (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 these financial statements.

As part of an audit in accordance with ISA, I exercise professional judgement and maintain professional scepticism 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 controls.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies uses and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

In my opinion;

a) proper books of account have been kept by Fiji Rice Limited, sufficient to enable financial statement to be prepared, so far as it appears from my examination of those books,

b) to the best of my information and according to the explanations given to me, give the information required by the Companies (Amendment) Act 2015, in the manner so required

Ajay Nand
AUDITOR-GENERAL

AUDITOR - GENERAL FIJI

Suva, Fiji
9 August, 2019

FIJI RICE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 JULY 2016

	Notes	31 July 2016 (7 months) $	31 December 2015 (12 months) $
Revenue	5	315,374	688,795
Cost of sales		(367,028)	(723,331)
Gross loss		**(51,654)**	**(34,536)**
Other revenue	5	533,217	161,080
Administrative expenses		(349,123)	(445,235)
Profit/(loss) from continuing operating activities		132,440	(318,691)
Income tax (expenses)/credit	6	(26,488)	---
Profit after income tax		105,952	(318,691)
Other comprehensive income		---	---
Total comprehensive profit/(loss) for the period/year		**$105,952**	**($318,691)**

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 25.

STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2016

FIJI RICE LIMITED

	Notes	31 July 2016 (7 months) $	31 December 2015 (12 months) $
CURRENT ASSETS			
Cash on hand and at bank	9	90,997	703,675
Trade and other receivables	7	406,170	225,739
Inventories	8	319,057	81,308
		816,224	**1,010,722**
NON CURRENT ASSETS			
Property, plant and equipment	10	1,634,585	1,403,202
		1,634,585	**1,403,202**
TOTAL ASSETS		**2,450,809**	**2,413,924**
CURRENT LIABILITES			
Trade and other payables	11	366,008	86,940
		366,008	**86,940**
NON CURRENT LIABILITIES			
Borrowings	12	6,758,548	6,725,382
		6,758,548	**6,725,382**
TOTAL LIABILITIES		**7,124,556**	**6,812,322**
NET ASSETS		**(4,673,747)**	**(4,398,398)**
SHAREHOLDERS'EQUITY			
Share capital	13	1,506,224	1,506,224
Accumulated losses		(6,179,971)	(7,850,183)
Capital contribution	14	---	1,945,561
TOTAL SHAREHOLDERS' EQUITY		**(4,673,747)**	**(4,398,398)**

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 26.

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

Dated this day of 2019.

....
Director

....
Director

FIJI RICE LIMITED

STATEMENT OF CHANGES IN EQUITY
PERIOD ENDED 31 JULY 2016

	Share Capital $	Accumulated Losses $	Capital Contribution $	Total $
Balance at 31 December 2014	1,506,224	(7,531,491)	1,067,061	(4,958,206)
Net profit/(loss) for the year	---	(318,692)	---	(318,692)
Other comprehensive income for the year	---	---	---	---
Total comprehensive income for the year	1,506,224	(7,850,183)	1,067,061	(5,276,898)
Transaction with owners				
Government grants	---	---	878,500	878,500
Balance at 31 December 2015	1,506,224	(7,850,183)	1,945,561	(4,398,398)
Net profit/(loss) for the year	---	105,952	---	105,952
Other comprehensive income for the year	---	---	---	---
Total comprehensive income for the year	1,506,224	(7,744,232)	1,945,561	(4,292,446)
Transaction with owners				
Government grants adjustment(Note 14)	---	---	(1,945,561)	(1,945,561)
Retained earnings– Adjustment	---	1,564,260	---	1,564,260
Balance at 31 July 2016	1,506,224	(6,179,971)	---	(4,673,747)

	Note	2016 (7 months)	2015 (7 months)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers & government grants		668,160	786,717
Payment to suppliers and employees		(624,471)	(1,072,853)
Income tax paid		(26,488)	-
Net Cash provided by / (used in) operating activities		**17,201**	**(286,136)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property plant & equipment		---	8,167
Acquisition of property plant & equipment		(281,745)	(35,672)
Net Cash provided by / (used in) investing activities		**(281,745)**	**(27,505)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Retained Earnings		1,564,261	878,500
Proceeds from borrowing		33,166	
Government Grant - Capital Contribution		(1,945,561)	
Net Cash provided by / (used in) financing activities		**(348,134)**	**878,500**
Net increase in cash and cash equivalents		(612,678)	564,859
Cash and cash equivalents at the beginning of the year		703,675	138,816
Cash and Cash Equivalents at the end of the Year	**9**	**90,997**	**703,675**

(The Statement of Cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 26

1. GENERAL INFORMATION

Fiji Rice Limited ("the company") is incorporated and domiciled in the Republic of Fiji under the Companies Act, 2015 and its registered office and principal place of business is located at Damanu Street, Labasa, Fiji. The principal activities of the company in the course of the financial year were milling and sale of rice and poultry feed. The company also leased storage space at its Nausori warehouse.

The ultimate holding entity is the Government of Fiji.

These financial statements were authorised for issue by the directors on ______________2019. The shareholders have the power to amend the financial statements after issue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The financial statements have been prepared in accordance with the Companies Act, 2015 and International Financial Reporting Standards ('IFRS') as required by the Fiji Institute of Accountants.

b) Basis of accounting

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

i) Standards, amendments and interpretations issued but not yet effective

The financial statements of the company have been drawn up in accordance with the provisions of the Companies Act 2015 and International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the basis of historical costs, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss.

ii) Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of business activities and the realisation of assets and the payment of liabilities in the normal course of business. At 31 July 2016 there is an overall excess of liabilities over assets (deficiency) of $4,673,478 (2015: $4,398,398).

The principal components of liabilities are advances from shareholder and subordinated loan amounting to $6,758,548 (2015: $6,725,382). The shareholders have agreed in principle to convert $4,600,000 shareholders advance to a grant. However the directors will affect this at such point in time whereby VAT and income tax considerations have been satisfied relating to the conversion of the shareholders advance to a grant.

On this basis the directors have prepared the financial statements on a going concern basis. Consequently no adjustments have been made relating to the accountability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the company not continue as a going concern.

A summary of the significant accounting policies adopted by the company is set out in this note. The policies adopted are in accordance with International Financial Reporting Standards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

c) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Provision is raised on a specific debtor level as well as on a collective basis. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments are considered indicators that a specific debtor balance is impaired. Impairment assessed at a collective level is based on past experience and data in relation to actual write-offs. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

d) Foreign currencies

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

e) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition and installation of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Cost of leasehold land includes initial premium payment or price paid to acquire leasehold land including acquisition costs.

Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	1.25% - 2.50%
Plant and machinery	5% - 7%
Motor vehicles	10%
Furniture, fittings and equipment	5% - 7%
Tools	Replacement basis

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

e) Property, plant and equipment

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are taken into account in determining the results for the year.

f) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes direct materials, direct labour and an appropriate proportion of variable and fixed factory overhead expenditure, the latter being allocated on the basis of normal operating capacity. A specific provision is created for any obsolete or slow moving items.

g) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

h) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash at bank and on hand.

i) Reporting currency

All figures are reported in Fijian Dollars.

j) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost (inclusive of VAT where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the entity.

k) Income tax

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

Deferred income tax is provided in full, using the balance sheet liability method, on temporary difference arising between the tax base of asset and liabilities and their carrying amount in the financial statement. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against the temporary difference and the eligible tax losses can be utilized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

k) Income tax

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

l) Employee benefits

Annual leave and sick leave

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

Defined contribution plans

Contributions to Fiji National Provident Fund are expensed when incurred. All employees who are Fiji citizens are members of the Fiji National Provident Fund, an independent statutory administered fund. The Company has no liability for current or past service pensions in respect of these employees.

m) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

n) Impairment of non-financial assets

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of comprehensive income.

o) Value Added Tax (VAT)

Revenues, expenses, assets and liabilities are recognised net of the amount of Value Added Tax (VAT), except where the amount of VAT incurred is not recoverable from the taxable authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense, or for trade receivables and trade payable which are recognised inclusive of VAT.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

p) Government grant

Government grant are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant or assistance received relates to an expense item, it is recognised as income over the period necessary to match them with related costs which the grants are intended to compensate. The company receives paddy grant from the Ministry of Public Enterprise which is used to purchase rice paddies from the paddy farmers.

Grants received in relation to an asset it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related assets.

3. FINANACIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

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

(a) Market risk

(i) Foreign Exchange Risk

The company is exposed to foreign exchange risk arising from various currency exposures in respect to purchase of inventory, primarily with respect to the Australian and New Zealand dollar. Foreign exchange risk arises from future commercial transactions and liabilities.

Management has set up a policy to require the company to manage their foreign exchange risk against their functional currency, in this case the Fiji dollar. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other than the Fiji Dollar. For significant settlements, the company is required to seek quotations from recognised banks and use the most favourable exchange rate for purposes of the settlement.

As at year end, assets and liabilities denominated in foreign currencies are minimal and hence changes in the Australian and NZ dollars by 10% (increase or decrease) is expected to have minimal impact on the net profit and equity balances currently reflected in the company's financial statements. Because of minimal asset and liability balances in overseas currencies, there has been little sensitivity to movements in the Australian and NZ dollars in 2016.

(ii) Price risk

The company does not have investments in equity securities and hence is not exposed to equity securities price risk.

(iii) Regulatory risk

The company's profitability can be significantly impacted by regulatory agencies established. Specifically, retail and wholesale prices are regulated by Fijian Competition and Consumer Commission.

(iv) Cash flow and fair value interest rate risk

As the company has no significant interest-bearing assets and liabilities, the company's income and operating cash flows are substantially independent of changes in market interest rates.

3. FINANACIAL RISK MANAGEMENT – continued

(b) Credit risk

Credit risk is managed by executive management with board oversight. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. As part of its risk control procedures, an assessment of the credit quality of a new customer, taking into account its financial position, past experience and other factors, is carried out prior to the credit approval. Individual credit risk limits are then set based on the assessments done. Individual risk limits are set based on assessments done. The utilisation of credit limits is regularly monitored. Sales to credit retail customers are settled in either cash or cheques.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet the company's present obligations.

The company manages liquidity risk by continuously monitoring forecast and actual cash flows. All of the company's financial liabilities, i.e trade and other payables at balance date are expected to be settled within the next 12 months.

Advances and loans from the Government of Fiji are non-interest bearing and in the opinion of the directors will not be due for payment in the next twelve months. The shareholders have agreed in principle to convert $4,600,000 of shareholders advance to a grant.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Impairment of accounts receivable

Impairment of accounts receivable balances is assessed at an individual as well as on a collective level. At a collective level all debtors in the + 90 days category (excluding those covered by a specific impairment provision) are estimated to have been impaired and are accordingly provided for.

(b) Impairment of property, plant and equipment

The company assesses whether there are any indicators of impairment of all property, plant and equipment at each reporting date. Property, plant and equipment are tested for impairment and when there are indicators that the carrying amount may not be recoverable, reasonable provision for impairment are created. For the year ended 31 July 2016, no provision for impairment has been made as the company reasonably believes that no indicators for impairment exist.

(c) Deferred tax assets

Deferred tax assets relating to tax losses and provisions have not been brought to account as it is not probable that future taxable profit will be available against which temporary differences and eligible tax losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely and level of future taxable profits together with future planning strategies.

5. REVENUE AND EXPENSES

		31 July 2016 (7 months) $	31 December 2015 (12 months) $
(i)	*Operating Revenue*		
	Milled Grain	315,374	688,795
(ii)	*Other Revenue*		
	Rent	100,177	160,158
	Paddy grant	415,554	---
	Sundry Income	17,486	922
	Total Other Revenue	533,217	161,080

6. INCOME TAX

(a) INCOME TAX EXPENSE

The prima facie tax expense on the operating profit/(loss) differs from the income tax provided in the financial statements and is reconciled as follows:

Operating profit/(loss) before income tax	132,439	(318,691)
Prima facie income tax expense/ (benefit) calculated at 20% on the operating profit/(loss) (2015:20%)	26,488	(63,738)
Tax benefit recouped	---	---
Tax effect of tax loss not recognised	---	63,738
Income tax expense	26,488	---

7. TRADE AND OTHER RECEIVABLES

Trade receivables	216,470	136,314
Provision for impairment	(10,396)	(10,396)
	206,074	125,918
Other debtors and prepayments	544,555	430,159
Provision for impairment	(344,459)	(344,459)
Total Trade and Other Receivables	406,170	225,739
The ageing analysis of trade receivables is as follows:		
Current	194,285	99,500
1 to 3 months	11,787	36,814
	206,072	125,918
Movement in the provision for impairment is as follows:		
Opening balance	354,855	354,855
Provision for impairment	---	---
Bad debts written off	---	---
Closing Balance	354,855	354,855

The company does not hold any collateral as security.

8. INVENTORIES

	31 July 2016 (7 months) $	31 December 2015 (12 months) $
Raw materials	277,279	51,498
Finished goods	25,753	7,071
Consumables	16,025	22,739
	319,057	81,308

9. CASH ON HAND AND AT BANK

	31 July 2016 (7 months) $	31 December 2015 (12 months) $
Cash at bank	90,877	703,154
Cash on hand	120	521
	90,997	703,675

10. PROPERTY, PLANT AND EQUIPMENT

Movements in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Leasehold Land & Building $	Motor Vehicle $	Furniture Fittings & Equipment $	Mill Machinery & Plant $	Intangible Asset $	Total $
2015						
Opening	1,237,799	64,131	9,018	129,912	---	1,440,860
Additions	---	17,431	4,452	13,789	---	35,672
Disposal	---	8,168	---	---	---	8,168
Depreciation	23,881	12,114	2,008	27,159	---	65,162
Net Book Value	**1,213,918**	**61,281**	**11,462**	**116,542**	---	**1,403,202**
31st December 2015						
Cost	1,628,565	249,413	204,623	1,166,209	---	3,248,809
Acc Depreciation	414,647	188,133	193,161	1,049,667	---	1,845,608
Net Book Value	**1,213,918**	**61,280**	**11,462**	**116,542**	---	**1,403,202**
31 July 2016						
Opening	1,213,918	61,280	8,490	116,542	2,972	1,403,202
Additions	---	153,743	2,034	13,894	1,193	170,864
Work in Progress	---	---	---	110,882	---	110,882
Disposal						
Depreciation	13,930	22,868	1,264	12,008	292	50,362
Net Book Value	**1,199,987**	**192,154**	**9,261**	**229,311**	**3,872**	**1,634,585**
31st July 2016						
Cost	1,628,565	403,156	202,842	1,290,985	5,008	3,530,555
Acc Depreciation	428,578	211,001	193,581	1,061,674	1,136	1,895,970
Net Book Value	**1,199,987**	**192,154**	**9,261**	**229,311**	**3,872**	**1,634,585**

11. TRADE AND OTHER PAYABLES

	31 July 2016 (7 months) $	31 December 2015 (12 months) $
Trade creditors and accruals	366,008	86,940

12. BORROWINGS

	31 July 2016 (7 months) $	31 December 2015 (12 months) $
Non-Current		
FDB Loan – Interest Bearing	33,166	---
Advance from shareholder	4,825,382	4,825,382
Loan from Government of Fiji	1,900,000	1,900,000
	6,758,548	6,725,382

Advances and loans from the Government of Fiji are non-interest bearing and in the opinion of the directors will not be due for payment in the next twelve months. The shareholders have agreed in principle to convert $4,600,000 of shareholders advance to a grant. However the Directors will effect this at such point in time whereby tax considerations have been satisfied relating to the conversion of the shareholders advance to a grant.

13. SHARE CAPITAL

	31 July 2016 (7 months) $	31 December 2015 (12 months) $
Authorised Capital		
950,000 ordinary shares of $2 each	1,900,000	1,900,000
Issued and fully paid		
753,112 ordinary shares of $2 each	1,506,224	1,506,224

14. CAPITAL CONTRIBUTION

Government grant	---	1,945,561

The Company made an adjustment in 2016 to correctly disclose government grant in line with the requirements of IAS 20. The company previously accounted for and disclosed government grant as capital contribution. The effect of the adjustment has resulted in accumulation of accumulated funds.

15. EARNINGS/(LOSS)PER SHARE

	31 July 2016 (7 months) $	31 December 2015 (12 months) $
Net profit/(loss) for the period/year	105,951	(318,691)
Number of equity shares outstanding (Nos.)	753,112	753,112
Basic and diluted earnings/(loss) per share	(0.14)	(0.42)

16. RELATED PARTIES

(a) The following were directors of the Company at any time during the financial year and up to the date of this report:

Raj Sharma – Chairman
Ashok Kumar
Vijay Chand
Ratu William Katonivere

(b) Directors fees and other benefits paid are as follows:

Directors fees	15,583	21,427

(c) Identity of related parties

The company has a related party relationship with the Government of Fiji and its various Ministries and Departments, directors and executive officers. The Government of Fiji is a related party by virtue of its shareholding. The company pays for Government services provided and taxes on the same basis as any other corporate entity in Fiji.

	Notes	31 July 2016 (7 months)	31 December 2015 (12 months)
(d) Amounts receivable payable to related parties		$	$
Advance from shareholder	12	4,825,382	4,825,382
Loan from Government of Fiji	12	1,900,000	1,900,000

(e) Transactions with key management personnel

Key management personnel comprise of Manager, Accountant & Engineer.

Transaction with key management are no more favourable than those available, or which might be reasonably be expected to be available, on similar transactions to third parties at arm's length.

	31 July 2016 (7 months) $	31 December 2015 (12 months) $
Salary and allowance	41,999	69,000
Contribution to Fiji National Provident Fund	3,360	5,520
	45,359	74,520

17. CAPITAL COMMITMENTS

	31 July 2016 (7 months) $	31 December 2015 (12 months) $
Capital Commitments at balance date	---	---

18. CONTINGENT LIABILITIES

Contingent liabilities at balance date	---	---

19. SUBSEQUENT EVENTS

Subsequent events at balance date	---	---

20. CHANGE OF FINANCIAL YEAR

Following the change in Government's financial year from December to July, the Fiji Rice Company Limited 2016 financial statements is prepared for a period of seven months from 1 January 2016 to 31 July 2016.

DETAILED INCOME STATEMENT
PERIOD ENDED 31 JULY 2016

	31 July 2016 (7 months) $	31 December 2015 (12 months) $
Sales	**315,374**	**688,795**
Less Cost of sales		
Opening stock	81,308	83,127
Cost of production	604,777	721,512
Stock losses	---	---
Closing stock	(319,057)	(81,308)
Cost of sales	**367,028**	**723,331**
Gross loss	**(51,654)**	**(34,536)**
Gross (loss)/profit margin	16%	15%
Less: Other operating expenses		
Administration expenses	(349,123)	(445,235)
Trading losses	**(400,777)**	**(479,771)**
Add: Other Income		
Sundry Income	533,217	161,080
Operating profit/(loss) before income tax	**132,440**	**(318,691)**

	31 July 2016 (7 months) $	31 December 2015 (12 months) $
Attachment allowance	540	---
Advertising & Promotion	6,082	10,834
Asset Valuation Expenses	---	900
Audit Fees	7,500	---
Staff Amenities - Admin	450	777
Staff Amenities - Dreketi	310	710
Business Meeting Expense	632	1,063
Legal & Internal audit fees	39,702	23,386
Board Meeting expense	1,198	992
R & M Office Equipment	---	8,535
Staff - Entertainment	---	1,034
Freight - Administrative	5,111	26
Casual Wages	1,959	3,274
Fumigation & Cleaning	269	320
Meal Claim - Labasa Staff	---	48
Accommodation Board	---	1,220
Board Travelling Expenses	4,202	45,659
Insurance	5,193	10,595
Gas Cylinder	202	692
Rent & Town Rate	28,372	32,548
FNPF Contribution	28,278	39,227
PAYE	5,047	7,783
Stationery	4,311	3,719
Office Furniture Expenses	---	309
Annual Leave	15	464
Salaries	44,460	58,988
Staff Uniforms	---	243
Telephone/Fax/Internet	3,880	5,149
Director's Fee	15,583	21,427
Travelling & Accommodation	4,747	3,811
R & M - Nausori Property	---	8,901
Staff Training	5,794	635
Water Rates	86	192
Levy - TPAF	1,032	3,383
Electricity	1,865	3,292
Entertainment Allowance	---	650
Depreciation Expense	50,362	66,000
Strategic Meeting	---	354
Discount	---	(138)
Delivery	---	5,462
Office Supplies	---	946
Computer Software	450	1,994
Fire Extinguisher Services	1,983	200
Sales Return	---	432
Freight - Operating	---	(30)
Causal - Labasa	---	2,085
Sales & Delivery Expenses	9,225	1,599
Wages - Labasa	23,016	42,852
Dreketi Supplies	733	1,499
Labasa Market Expenses	36	124
Office Expenses	1,621	1,221
Agriculture Show Expenses	---	1,000
Fuel & Oil MV	5,201	7,836
RM & Motor Vehicle Expense	2,432	9,241
Wheel Tax	---	431
Bank Charges	33,691	1,101
Chairmans Entitlement	---	240
Fringe Benefit Expense	3,553	---
Total Expenses	**349,123**	**445,235**

FIJI RICE LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2017

DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the statement of financial position of the company as at 31 July 2017, and the related statement of comprehensive income, changes in equity and cash flows for the year ended on that date and report as follows:

1 Directors

The following were directors of the company at any time during the financial year and up to the date of this report:

- Raj Sharma – Chairman
- Ashok Kumar
- Vijay Chand
- Ratu William Katonivere

2 Principal Activities

The principal activities of the company in the course of the financial year were milling and sale of rice and poultry feed. The company also leased storage space at its Nausori warehouse.

3 Results

The operating profit after income tax for the year was $289,377 (2016: Operating profit after income tax of $105,951).

4 Dividends

No dividend has been paid or recommended to be paid by the directors for the year.

5 Reserves

The directors recommend that no transfer be made to reserves within the meaning of Part 11 of the Companies Act 2015.

6 Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of business. At 31 July 2017 there is an overall excess of liabilities over assets (deficiency) of $4,384,371.

The principal components of liabilities are advances from shareholder and subordinated loans amounting to $7,006,000. The shareholders have agreed in principle to convert $4,600,000 shareholders advance to a grant. However, the directors will affect this at such a point in time whereby VAT and income tax considerations have been satisfied relating to the conversion of the shareholders advance to a grant. Continuous government assistance and new sources of revenue may be sought as operating losses have been increasing.

On this basis the directors have prepared the financial statements on a going concern basis. Consequently no adjustments have been made relating to the accountability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the company not continue as a going concern.

DIRECTORS' REPORT - Continued

7 Bad and Doubtful Debts

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

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

8 Non-Current Assets

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

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

9 Unusual Transactions

The results of the company's operations during the financial year have not in the opinion of the directors been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

10 Events Subsequent to Balance Date

Since the end of the financial year, the Company is not aware of any matter or circumstance not otherwise dealt with in the report or financial statements that has significantly or may significantly affect the operations of the Company, the results of those operations or state of affairs of the Company in subsequent years.

11 Other Circumstances

At the date of this report:

(i) No charges on the assets of the company has been given since the end of the financial year to secure the liabilities of any other person;

(ii) No contingent liabilities have arisen since the end of the financial year for which the company could become liable; and

(iii) No contingent liabilities or other liabilities of the company has become or is likely to become enforceable within the twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the company to meet its obligations as and when they fall due.

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

DIRECTORS' REPORT – Continued

12 Directors Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or received as the fixed salary of a full-time employee of the company or of a related corporation) by reason of a contract made by the company or by a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

Dated this day of 2019.

Director

Director

STATEMENT BY DIRECTORS

In accordance with a resolution of the Board of Directors of Fiji Rice Limited, we state that in the opinion of the directors:

(i) the accompanying statement of comprehensive income of the company is drawn up so as to give a true and fair view of the results of the company for the year ended 31 July 2017;

(ii) the accompanying statement of changes in equity of the company is drawn up so as to give a true and fair view of the changes in equity of the company for the year ended 31 July 2017;

(iii) the accompanying statement of financial position of the company is drawn up so as to give a true and fair view of the state of affairs of the company as at 31 July 2017;

(iv) the accompanying statement of cash flows of the company is drawn up so as to give a true and fair view of the cash flows of the company for the year ended 31 July 2017;

(v) at the date of this statement there are reasonable grounds to believe the company will be able to pay its debts as and when they fall due; and

(vi) all related party transactions have been adequately recorded in the books of the company.

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

Dated this 8th day of August 2019.

....
Director

....
Director

6-8TH Floor, Ratu Sukuna House
2-10 McArthur St
P. O. Box 2214, Government Buildings
Suva, Fiji

Telephone: (679) 330 9032
Fax: (679) 330 3812
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INDEPENDENT AUDITOR'S REPORT

FIJI RICE LIMITED

I have audited the accompanying financial statements of Fiji Rice Limited ("the Company"), which comprise the statement of financial position for the twelve months ended 31 July 2017, statement of comprehensive income, statement of changes in equity and statement of cash flow, and a summary of significant accounting policies and other explanatory information as set out on notes 1 to 20.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Fiji Rice Limited as at 31 July 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

1. Included in the cash at bank balance of $458,737 (Note 9) is Unidentified deposits with a credit balance of $15,641. I was not provided with necessary supporting documents to ascertain the accuracy of this amount. Consequently, I am unable to determine if cash at bank balance is accurately stated in the financial statements.

2. Included in the Trade creditors and accruals balance of $248,614 (Note 11) is an amount of $31,855 and VAT payable of $84,095. I was not provided with the supporting documents and reconciliations of these balances to ascertain its accuracy. Consequently, I am unable to determine if Trade creditors and accruals is fairly stated in the financial statements.

3. The Company has reported nil provision for employee entitlements in the financial statements. I was not provided with the necessary supporting documents to ascertain employee entitlements. Consequently, I am unable to determine if any adjustments is required in the statement of income statement and statement of financial position in relation to employee entitlements.

4. There is an unreconciled variance of $9,440 in Trade Receivables (Note 7) between the general ledger and the subsidiary ledger. Consequently, I am unable to determine if Trade and Other Receivables is fairly stated in the financial statements.

5. Included in the Borrowings of $7,006,000 Note 12 is Advance from Shareholders amounting to $4,825,382. I was not provided with the written confirmation of the Loan balance. Additionally it has been disclosed in Note 12 that shareholders have agreed in principal to convert $4,825,382 as grant to the Company. However, I was not provided with any written supporting document on the status of this conversion as at 31 July 2017. As such, I am unable to satisfy myself on the accuracy and completeness of the borrowings and the related disclosure as disclosed in the financial statement.

6. The Company did not provide supporting schedules for computation of income tax to support the Income Tax expenses of $72,344 as disclosed under Note 6(a). As a result, I unable to satisfy myself on the accuracy and completeness of the income tax expense and if any adjustment is required for the related income tax payable in the statement of financial position.

7. The Company changed its financial year from 31 December to 31 July. We were not able to attend the stock take for the financial year ended 31 July 2017. As a result, we were unable to verify the existence of inventory at balance date. I was also unable to ascertain the existence of the inventory through alternative audit procedures. Consequently, I am unable to ascertain the accuracy of the inventory of $404,261 reported in the statement of financial position.

I have conducted my audit in accordance with International Standards on Auditing (ISA). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the International Ethics Standards Board for Accountants 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 other ethical 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.

Emphasis of Matter

Without further qualifying the audit opinion emphasis is made to the following matter:

As discussed in the Note 2(b)(iii), of Significant Accounting Policies, there was an overall excess of liabilities over assets of $4,384,371 (2016: $4,673,748) as at 31 July 2017.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, Companies (Amendment) Act 2015, and for such internal control as management determines 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 is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The Board members are responsible of overseeing the entity's financial reporting process.

Auditor's Responsibility 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 and 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 International Standards on Auditing (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 these financial statements.

As part of an audit in accordance with ISA, I exercise professional judgement and maintain professional scepticism 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 controls.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies uses and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

In my opinion;

a) proper books of account have been kept by Fiji Rice Limited, sufficient to enable financial statement to be prepared, so far as it appears from my examination of those books,

b) to the best of my information and according to the explanations given to me, give the information required by the Companies (Amendment) Act 2015, in the manner so required

Ajay Nand
AUDITOR-GENERAL

AUDITOR - GENERAL FIJI

Suva, Fiji
9 August, 2019

FIJI RICE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2017

	Notes	2017 (12 months) $	2016 (7 months) $
Revenue	5	731,105	315,374
Cost of sales		(839,002)	(367,028)
Gross loss		(107,897)	(51,654)
Other revenue	5	1,012,934	533,217
Administration expenses		(543,316)	(349,124)
Profit from continuing operating activities		361,721	132,439
Income tax expenses	6	(72,344)	(26,488)
Profit after income tax		289,377	105,951
Other comprehensive income		---	---
Total comprehensive income for the year		$289,377	$105,951

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 27.

FIJI RICE LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2017

	Notes	2017 (12 months) $	2016 (7 months) $
CURRENT ASSETS			
Cash on hand and at bank	9	458,737	90,997
Trade and other receivables	7	154,224	406,170
Inventories	8	404,261	319,057
		1,017,222	816,224
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,996,194	1,634,585
		1,996,194	1,634,585
TOTAL ASSETS		**3,013,416**	**2,450,809**
CURRENT LIABILITIES			
Trade and other payables	11	260,966	366,008
Grant received in advance		130,821	---
		391,787	366,008
NON-CURRENT LIABILITIES			
Borrowings	12	7,006,000	6,758,548
TOTAL LIABILITIES		**7,397,787**	**7,124,556**
NET ASSETS		**4,384,371**	**4,673,748**
SHAREHOLDERS' EQUITY			
Share capital		1,506,224	1,506,224
Accumulated losses		(5,890,595)	(6,179,972)
TOTAL SHAREHOLDERS' EQUITY		**(4,384,371)**	**(4,673,748)**

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 27.

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

Dated this day of 2019.

Director

Director

	Share Capital ($)	Accumulated Losses ($)	Capital Contribution ($)	Total ($)
Balance at 31 December 2015	1,506,224	(7,580,183)	1,945,561	(4,398,398)
Net profit for the year		105,951		105,951
Total comprehensive income for the year	1,506,224	(7,744,232)	1,945,561	(4,292,447)
Transaction with owners – Government grant			(1,945,561)	
Retained Earnings adjustment		1,564,260		
Balance at 31 July 2016	**1,506,224**	**(6,179,972)**	**---**	**(4,673,748)**
Net Profit for the year		289,377		289,377
Total comprehensive income for the year	1,506,224	(5,890,595)	---	(4,384,371)
Balance at 31 July 2017	**1,506,224**	**(5,890,595)**	**---**	**(4,384,371)**

STATEMENT OF CASH FLOWS
THE YEAR ENDED 31 JULY 2017

	Note	2017 (12 months)	2016 (7 months)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers & government grants		1,995,985	668,160
Payment to suppliers and employees		(1,423,035)	(624,471)
Income tax paid			(26,488)
Net Cash provided by / (used in) operating activities		**572,950**	**17,201**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property plant & equipment		---	---
Acquisition of property plant & equipment		(452,662)	(281,745)
Net Cash provided by / (used in) investing activities		**(452,662)**	**(281,745)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Retained Earnings			1,564,261
Proceeds from borrowing		247,452	33,166
Government Grant - Capital Contribution			(1,945,561)
Net Cash provided by / (used in) financing activities		**247,452**	**(348,134)**
Net increase in cash and cash equivalents		367,740	(612,678)
Cash and cash equivalents at the beginning of the year		90,997	703,675
Cash and Cash Equivalents at the end of the Year	9	**458,737**	**90,997**

(The Statement of Cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 27.

1. GENERAL INFORMATION

Fiji Rice Limited ("the company") is incorporated and domiciled in the Republic of Fiji under the Companies Act, 2015 and its registered office and principal place of business is located at Damanu Street, Labasa, Fiji. The principal activities of the company in the course of the financial year were milling and sale of rice and poultry feed. The company also leased storage space at its Nausori warehouse.

The ultimate holding entity is the Government of Fiji.

These financial statements were authorised for issue by the directors on _____________ 2019. The shareholders have the power to amend the financial statements after issue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The financial statements have been prepared in accordance with the Companies Act, 2015 and International Financial Reporting Standards ('IFRS') as required by the Fiji Institute of Accountants.

b) Basis of accounting

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

i) Basis of preparation

The financial statements of the company have been drawn up in accordance with the provisions of the Companies Act 2015 and International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the basis of historical costs, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss.

ii) Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of business activities and the realisation of assets and the payment of liabilities in the normal course of business. At 31 July 2017 there is an overall excess of liabilities over assets (deficiency) of $4,384,371 (2016: $4,673,748).

The principal components of liabilities are advances from shareholder and subordinated loan amounting to $7,149,173 (2016: 6,758,548). The shareholders have agreed in principle to convert $4,600,000 shareholders advance to a grant. However the directors will affect this at such point in time whereby VAT and income tax considerations have been satisfied relating to the conversion of the shareholders advance to a grant.
On this basis the directors have prepared the financial statements on a going concern basis. Consequently no adjustments have been made relating to the accountability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the company not continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

b) Basis of accounting - continued

ii) Going concern (cont..)

A summary of the significant accounting policies adopted by the company is set out in this note. The policies adopted are in accordance with International Financial Reporting Standards.

c) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Provision is raised on a specific debtor level as well as on a collective basis. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments are considered indicators that a specific debtor balance is impaired. Impairment assessed at a collective level is based on past experience and data in relation to actual write-offs. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

d) Foreign currencies

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

e) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition and installation of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Cost of leasehold land includes initial premium payment or price paid to acquire leasehold land including acquisition costs.

Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	1.25% - 2.50%
Plant and machinery	5% - 7%
Motor vehicles	10%
Furniture, fittings and equipment	5% - 7%
Tools Replacement basis	

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

e) Property, plant and equipment (cont..)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are taken into account in determining the results for the year.

f) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes direct materials, direct labour and an appropriate proportion of variable and fixed factory overhead expenditure, the latter being allocated on the basis of normal operating capacity. A specific provision is created for any obsolete or slow moving items.

g) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

h) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash at bank and on hand.

i) Reporting currency

All figures will be reported in Fijian Dollars.

j) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost (inclusive of VAT where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the entity.

k) Income tax

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

k) Income tax (cont..)

Deferred income tax is provided in full, using the balance sheet liability method, on temporary difference arising between the tax base of asset and liabilities and their carrying amount in the financial statement. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against the temporary difference and the eligible tax losses can be utilized.

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

l) Employee benefits

Annual leave and sick leave

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

Defined contribution plans

Contributions to Fiji National Provident Fund are expensed when incurred. All employees who are Fiji citizens are members of the Fiji National Provident Fund, an independent statutory administered fund. The Company has no liability for current or past service pensions in respect of these employees.

m) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

n) Impairment of non-financial assets

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

o) Value Added Tax (VAT)

Revenues, expenses, assets and liabilities are recognised net of the amount of Value Added Tax (VAT), except where the amount of VAT incurred is not recoverable from the taxable authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense, or for trade receivables and trade payable which are recognised inclusive of VAT.

p) Government grant

Government grant are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant or assistance received relates to an expense item, it is recognised as income over the period necessary to match them with related costs which the grants are intended to compensate. The company receives paddy grant from the Ministry of Public Enterprise which is used to purchase rice paddies from the paddy farmers.

Grants received in relation to an asset it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related assets.

3. FINANACIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

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

(a) Market risk

(i) Foreign Exchange Risk

The company is exposed to foreign exchange risk arising from various currency exposures in respect to purchase of inventory, primarily with respect to the Australian and New Zealand dollar. Foreign exchange risk arises from future commercial transactions and liabilities.

Management has set up a policy to require the company to manage their foreign exchange risk against their functional currency, in this case the Fiji dollar. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other then the Fiji Dollar. For significant settlements, the company is required to seek quotations from recognised banks and use the most favourable exchange rate for purposes of the settlement.

As at year end, assets and liabilities denominated in foreign currencies are minimal and hence changes in the Australian and NZ dollars by 10% (increase or decrease) is expected to have minimal impact on the net profit and equity balances currently reflected in the company's financial statements. Because of minimal asset and liability balances in overseas currencies, there has been little sensitivity to movements in the Australian and NZ dollars in 2017.

3. FINANACIAL RISK MANAGEMENT – continued

(a) Market risk – continued

(ii) Price risk

The company does not have investments in equity securities and hence is not exposed to equity securities price risk.

(iii) Regulatory risk

The company's profitability can be significantly impacted by regulatory agencies established. Specifically, retail and wholesale prices are regulated by Fijian Competition and Consumer Commission.

(iv) Cash-flow and fair value interest rate risk

As the company has no significant interest-bearing assets and liabilities, the company's income and operating cash flows are substantially independent of changes in market interest rates.

(b) Credit risk

Credit risk is managed by executive management with board oversight. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. As part of its risk control procedures, an assessment of the credit quality of a new customer, taking into account its financial position, past experience and other factors, is carried out prior to the credit approval. Individual credit risk limits are then set based on the assessments done. Individual risk limits are set based on assessments done. The utilisation of credit limits is regularly monitored. Sales to credit retail customers are settled in either cash or cheques.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet the company's present obligations.

The company manages liquidity risk by continuously monitoring forecast and actual cash flows. All of the company's financial liabilities, i.e trade and other payables at balance date are expected to be settled within the next 12 months.

Advances and loans from the Government of Fiji are non-interest bearing and in the opinion of the directors will not be due for payment in the next twelve months. The shareholders have agreed in principle to convert $4,600,000 of shareholders advance to a grant.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Impairment of accounts receivable

Impairment of accounts receivable balances is assessed at an individual as well as on a collective level. At a collective level all debtors in the + 90 days category (excluding those covered by a specific impairment provision) are estimated to have been impaired and are accordingly provided for.

(b) Impairment of property, plant and equipment

The company assesses whether there are any indicators of impairment of all property, plant and equipment at each reporting date. Property, plant and equipment are tested for impairment and when there are indicators

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS - continued

(b) Impairment of property, plant and equipment (cont..)

that the carrying amount may not be recoverable, reasonable provision for impairment are created. For the year ended 31 July 2017, no provision for impairment has been made as the company reasonably believes that no indicators for impairment exist.

(c) Deferred tax assets

Deferred tax assets relating to tax losses and provisions have not been brought to account as it is not probable that future taxable profit will be available against which temporary differences and eligible tax losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely and level of future taxable profits together with future planning strategies.

5. REVENUE AND EXPENSES

	2017 (12 months) $	2016 (7 months) $
(i) Operating Revenue:		
Milled Grain	731,105	315,374
(ii) Other Revenue:		
Rent	261,615	100,177
Paddy Grant	735,205	415,554
Sundry income	16,115	17,486
Total other revenue	$ 1,012,934	$ 533,217

6. INCOME TAX

(a) INCOME TAX EXPENSE

The prima facie tax expense on the operating profit/(loss) differs from the income tax provided in the financial statements and is reconciled as follows:		
Operating profit before income tax	361,720	132,439
Prima facie income tax expense/ (benefit) calculated at 20% on the operating profit/(loss) (2016:20%)	72,344	26,488
Tax benefit recouped	---	---
Tax effect of tax loss not recognised	---	---
Income Tax expense	72,344	26,488

(b) INCOME TAX BENEFIT

In accordance with the policy stated in note 2(k) the deferred tax assets of $234,709 (2014: $193,017) attributable to unconfirmed tax losses has not been brought to account as an asset. The asset will only be recognised if:

i) the company derives assessable income of a nature and of sufficient amount to enable the benefit of tax losses and deductions to be realised,
ii) the conditions for deductibility imposed by law are complied with, and
iii) tax law does not change in a manner which adversely affects realisation of the benefit.

7. TRADE AND OTHER RECEIVABLES

	2017 (12 months) $	2016 (7 months) $
Trade receivables	140,058	216,468
Provision for impairment	(10,396)	(10,396)
	129,662	206,072
Other debtors and prepayments	369,020	544,555
Provision for impairment	(344,459)	(344,459)
	$ 154,224	$ 406,170

The ageing analysis of trade receivables is as follows:	2017	2016
Current	117,229	194,285
1 to 3 months	12,433	11,787
Over 3 months		
	$ 129,662	$ 206,072

Movement in the provision for impairment is as follows:	2017	2016
Opening balance	354,855	354,855
Provision for impairment	---	---
Bad debts written off	---	---
Closing balance	$ 354,855	$ 354,855

The company does not hold any collateral as security.

8. INVENTORIES

	2017	2016
Raw materials	380,107	277,279
Finished goods	13,084	25,753
Consumables	11,070	16,025
	$ 404,261	$ 319,057

9. CASH ON HAND AND AT BANK

	2017 (12 months) $	2016 (7 months) $
Cash at bank	458,505	90,877
Cash on hand	232	120
	$ 458,737	$ 90,997

10. PROPERTY, PLANT AND EQUIPMENT

Movements in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Leasehold Land and Building	Motor Vehicle	Furniture Fittings and Equipment	Mill Machinery and Plant	Intangible Asset	Total
	$	$	$	$		$
31.07.16						
Opening	1,213,917	61,280	8,491	116,542	2,972	1,403,202
Additions	---	153,743	2,034	13,894	1,193	170,864
Work In Progress	---	---	---	110,882	---	110,882
Disposal	---	---	---	---	---	---
Depreciation	13,930	22,868	1,264	12,008	292	50,362
Net Book Value	**1,199,987**	**192,155**	**9,261**	**229,310**	**3,873**	**1,634,586**
31st July 2016						
Cost	1,628,565	403,156	202,842	1,290,985	5,008	3,530,556
Acc Depreciation	428,578	211,001	193,580	1,061,675	1,136	1,895,970
Net Book Value	**1,199,987**	**192,155**	**9,262**	**229,310**	**3,872**	**1,634,586**
31.07.17						
Opening	1,199,987	192,155	9,262	229,310	3,872	1,634,586
Additions	---	4,149	4,845	76,708	3,500	89,202
Work In Progress	188,634	---	---	174,824	---	363,458
Disposal	---	---	---	---	---	---
Depreciation	23,880	46,444	2,451	17,781	496	91,052
Net Book Value	**1,364,741**	**149,860**	**11,656**	**463,061**	**6,876**	**1,996,194**
31st July 2017						
Cost	1,817,199	407,305	207,687	1,542,517	8,508	3,983,216
Acc Depreciation	452,458	257,445	196,031	1,079,456	1,632	1,987,022
Net Book Value	**1,364,741**	**149,860**	**11,656**	**463,061**	**6,876**	**1,996,194**

11. TRADE & OTHER PAYABLES

	2017 (12 months) $	2016 (7 months) $
Trade creditors and accruals	248,614	366,008
Other payables	12,352	---
	260,966	**366,008**

12. BORROWINGS

	2017 (12 months) $	2016 (7 months) $
FDB Loan – interest bearing	280,618	33,166
Advance from shareholder	4,825,382	4,825,382
Loan from Government of Fiji	1,900,000	1,900,00
	7,006,000	**6,758,548**

Advances and loans from the Government of Fiji are non-interest bearing and in the opinion of the directors will not be due for payment in the next twelve months. The shareholders have agreed in principle to convert $4,600,000 of shareholders advance to a grant. However the directors will effect this at such point in time whereby tax considerations have been satisfied relating to the conversion of the shareholders advance to a grant.

13. SHARE CAPITAL

	2017	2016
Authorised Capital 950,000 ordinary shares of $2 each	1,900,000	1,900,000
Issued and fully paid 753,112 ordinary shares of $2 each	1,506,224	1,506,224

14. CAPITAL CONTRIBUTION

	2017	2016
Government grant	---	---

15 EARNINGS PER SHARE

	2017	2016
Net profit for the year	289,377	105,951
Number of equity shares outstanding (Nos.)	753,112	753,112
Basic and diluted earnings per share	$ 0.38	$ 0.14

16. RELATED PARTIES

		2017 (12 months) $	2016 (7 months) $

(a) The following were directors of the Company at any time during the financial year and up to the date of this report:

Raj Sharma – Chairman
Ashok Kumar
Vijay Chand
Ratu William Katonivere

(b) Directors fees and other benefits paid are as follows:

	2017 (12 months) $	2016 (7 months) $
Directors fees	23,375	15,583
Directors allowances	-	-
Chairman's entitlement	-	-

(c) Identity of related parties

The company has a related party relationship with the Government of Fiji and its various Ministries and Departments, directors and executive officers. The Government of Fiji is a related party by virtue of its shareholding. The company pays for Government services provided and taxes on the same basis as any other corporate entity in Fiji.

(d) Amounts receivable payable to related parties

	Note	2017 (12 months) $	2016 (7 months) $
Advance from shareholder	12	4,825,382	4,825,382
Loan from Government of Fiji	12	1,900,000	1,900,000

(e) Transactions with key management personnel

Key management personnel comprise of Manager, Accountant & Engineer.

Transaction with key management are no more favourable than those available, or which might be reasonably be expected to be available, on similar transactions to third parties at arm's length.

	2017 (12 months) $	2016 (7 months) $
Salary and allowance	83,997	41,999
Contribution to Fiji National Provident Fund	7,304	3,359
	91,301	45,358

17. CAPITAL COMMITMENTS

	2017	2016
Capital Commitments at balance date	47,595	---

18. CONTINGENT LIABILITIES

Contingent liabilities at balance date - $Nil (2016: $Nil).

19. SUBSEQUENT EVENTS

Subsequent events at balance date - $Nil (2016: $Nil).

20. CHANGE OF FINANCIAL YEAR

Following the change in Government's financial year from December to July, the Fiji Rice Company Limited changed its financial year from December to July in 2016. The 2016 comparatives reflect seven months accounts.

FIJI RICE LIMITED

DETAILED INCOME STATEMENT
YEAR ENDED 31 JULY 2017

	Notes	2017 (7 months) $	2016 (12 months) $
Sales	5	731,105	315,374
		731,105	**315,374**
Less: Cost of sales			
Opening stock		319,057	81,308
Cost of production		924,206	604,777
Closing stock	8	(404,261)	(319,057)
		839,002	**367,028**
Gross loss		**(107,897)**	**(51,564)**
Gross loss (%)		(15%)	(16%)
Less: Other operating expenses			
Administrative expenses		(543,316)	(349,124)
Trading losses		**(651,213)**	**(400,778)**
Add: Other income			
Sundry income	5	1,012,934	533,217
Operating profit/(loss) before income tax		**361,721**	**(132,439)**

FIJI RICE LIMITED

DETAILED INCOME STATEMENT - Cont'd
YEAR ENDED 31 JULY 2017

ADMINISTRATIVE EXPENSES	2017 (12 months) ($)	2016 (7 months) ($)
Attachment allowance	975	540
Advertising & Promotion	17,697	6,082
Audit Fees	7,500	7,500
Staff Amenities - Admin	487	450
Staff Amenities - Dreketi	501	310
Business Meeting Expense	712	632
Legal & Accounting	22,865	39,702
Board Meeting expense	1,290	1,198
Freight - Administrative	---	5,111
Casual Wages	6,074	1,959
Fumigation & Cleaning	3,054	269
Rebranding	19,454	---
Board Travelling Expenses	10,177	4,201
Insurance	18,789	5,193
Gas Cylinder	1,756	202
Rent & Town Rate	38,007	28,372
FNPF Contributions	37,297	28,278
PAYE	6,677	5,047
Stationery	7,870	4,311
Annual Leave	132	15
Salaries	66,389	44,460
Telephone/Fax/Internet	6,199	3,880
Director's Fee	23,375	15,583
Travelling & Accommodations	7,062	4,747
Staff Training	---	5,794
Water Rates	866	86
Levy - TPAF	2,307	1,032
Electricity	5,082	1,865
Theft	1,529	---
Depreciation Expense	91,052	50,362
Computer Software	---	450
Fire Extinguisher Services	---	1,983
Interest charge	2,265	---
Marketing	200	---
Sales & Delivery Expenses	40,690	9,225
Wages - Labasa	42,991	23,016
Dreketi Supplies	787	733
Labasa Market Expenses	74	37
Office Expenses	1,022	1,621
Agriculture Show Expenses	917	---
Fuel & Oil MV	14,290	5,201
RM & Motor Vehicle Expense	12,604	2,433
Wheel Tax	3,474	---
Bank Charges	17,403	33,691
Fringe Benefit Expense	1,424	3,553
Total Expenses	**543,316**	**349,124**