Fiji RiCE LTD

Healthy Pleasant to the Taste

ANNUAL REPORT 2021

PP No. 18/23





PICAP Partnership Launch
and Networking Event
Partners Update
Fiji Rice Pte Limited
Galax


IFAD
FCLC
KIA
" Plannning & Implementing Contrct Farming "

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 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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DISCAILMER STATEMENT

To the best knowledge of the Directors and Management of Fiji Rice Pte Limited (FRL) the information contained in this Annual Report for the year ending 31st July, 2021 is correct.

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 the sugar cane planting, thus rice was introduced as an alternative crop.

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

The Board and Management of 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 VitiLevu.

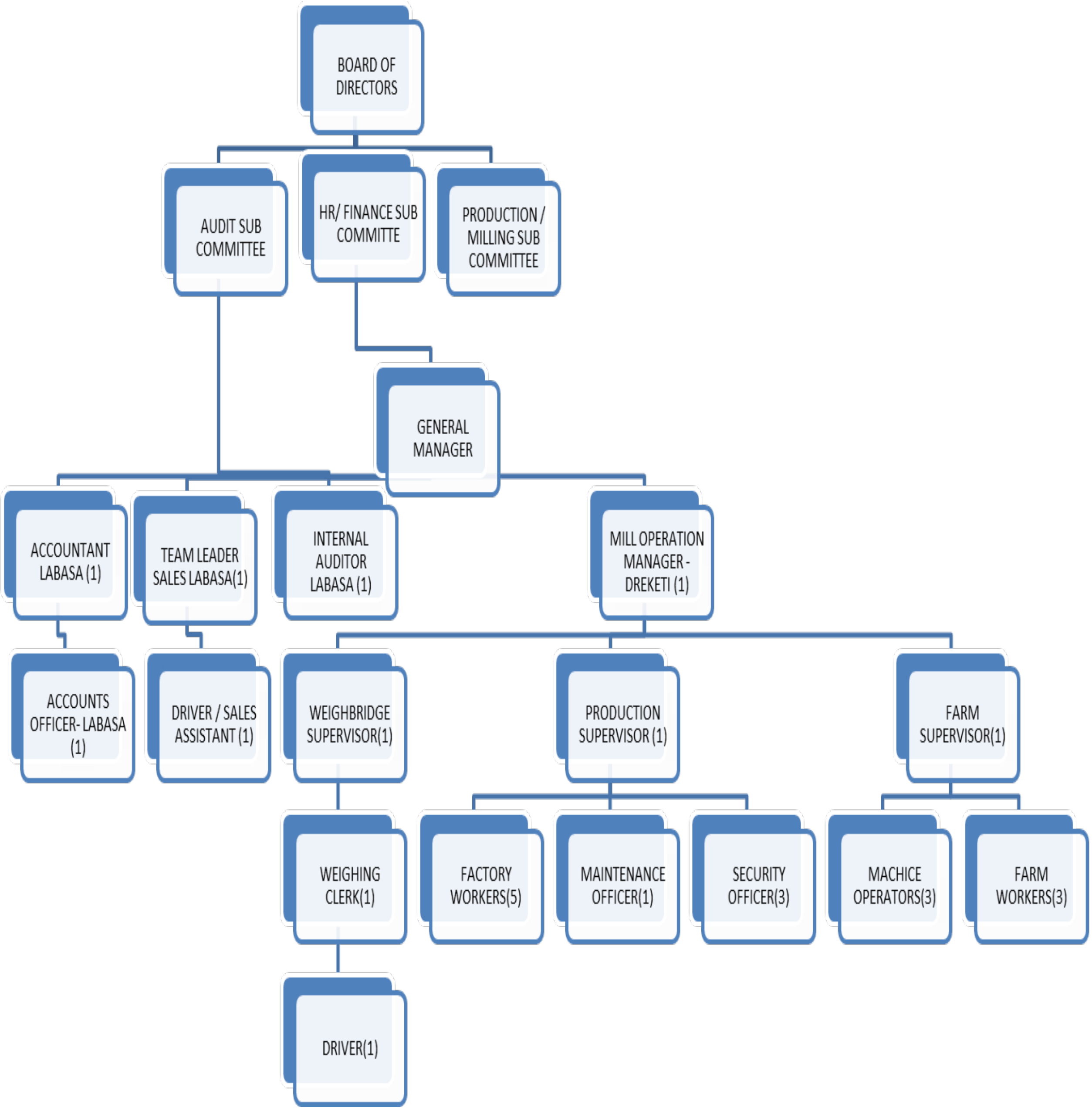
FRL now has a clear direction to meeting the shareholder's (state) expectations. We as the Board and Management are committed to make a change for the best of this industry and country as a whole at Fiji Rice Limited, "beyond milling", with adequate monitoring as reporting.

STRATEGIC FOCUS AREA

Organization Goals	Objective	Measurements
Innovation, Process Improvements & Customers	Ensure to bring about continuous and innovative improvement for self-sustainability	1. Continuous research & development on current products and diversification. 2. Review the process of the mill operations with view of technological improvements. 3. Improve on time standards and measurements. 4. Improve advertising, awareness, road shows, press releases/sponsor programs/TV local shows. 5. Attained HACCP certification and explore premium markets.
Governance, Internal Control & Policy	To have sound governance platform for internal control, audit and effective policy environment	1. Effective Implementation of Board resolutions and 75% meeting minimum attended by Board. 2. Zero Tolerance to breaches to policies and processes. 3. Continuous review of the policies based on the business needs.
Production, Suppliers and Milling	Support production and suppliers with cost effective milling	1. Production target to increase by 10% every year. 2. Support Government initiative for rice production in all parts of Vanua Levu &Viti Levu. 3. Ensure there is balanced and consistent supply to all customers with at least 1 month of stock available in advance. 4. Continue mechanism aspect of farming in collaboration with the Ministry of Agriculture, including third mill in Western Division. 5. Improve on the engineering and milling operations with reduction of mill breakdowns to reduce and regular checks and servicing.

Our People	We must recognize our people who have the company at heart	1. Review Staff Terms & Conditions inclusive of pay. 2. Medical insurance package for all Staff. 3. Organization Structure review to support business needs. 4. Arrange for training and development programs for staff through in-house and external training providers. 5. Job rotation to train staffs at all different job centers.
Finance & Profitability	To have prudent platform to be self-sufficient in coming years.	1. Overall Audit Report standards to achieve moderate or below ratings. 2. To complete external pending audits and Annual reports. 3. In-house Internal Auditor reporting to Audit & Finance Board Sub-Committee. 3. Target profitability to increase at least 10% per year.
Community & Environment	Ensure that we respect the shareholder, community and environment, embedding the new dynamics of the business that support the ability of all people at all times to have both physical and economic access to a sufficient amount of safe and nutritious food which meets their dietary needs and food preference for an active and healthy life.	1. Meet the desired expectation of Government and all stakeholders beyond financials. 2. Consider research or technical assistance rice production / milling as part of green growth activities. 3. Assessment & impact of climate change activities i.e., salt water intrusion, drainage works & draught problems.

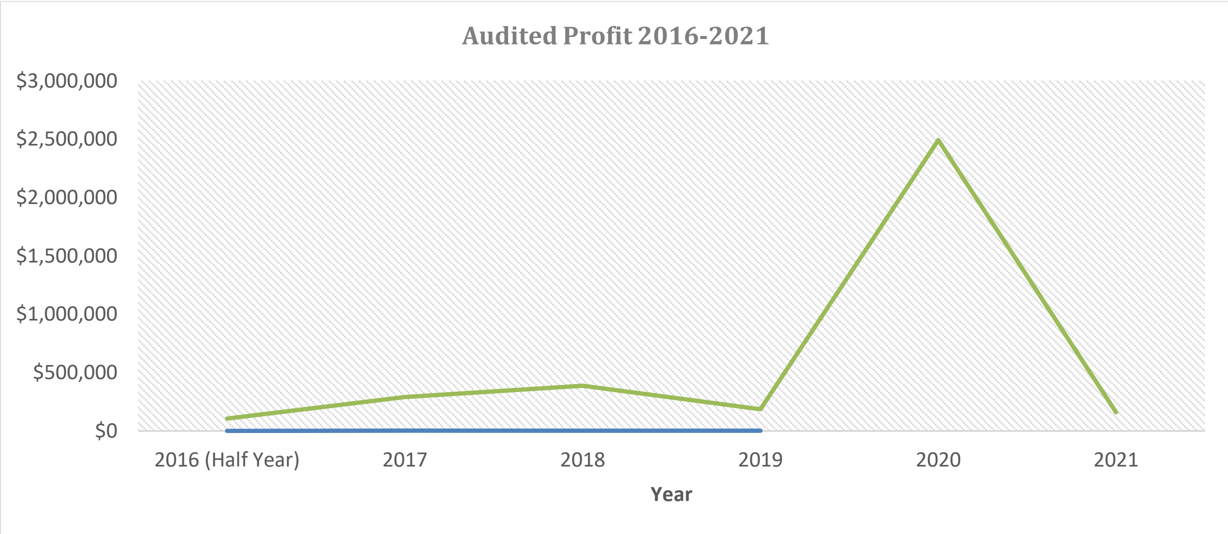
CURRENT ORGANIZATION STRUCTURE



FINANCIAL HIGHLIGHTS

GRAPH 1: AUDITED PROFIT/LOSS AFTER INCOME TAX FROM 2016 - 2021

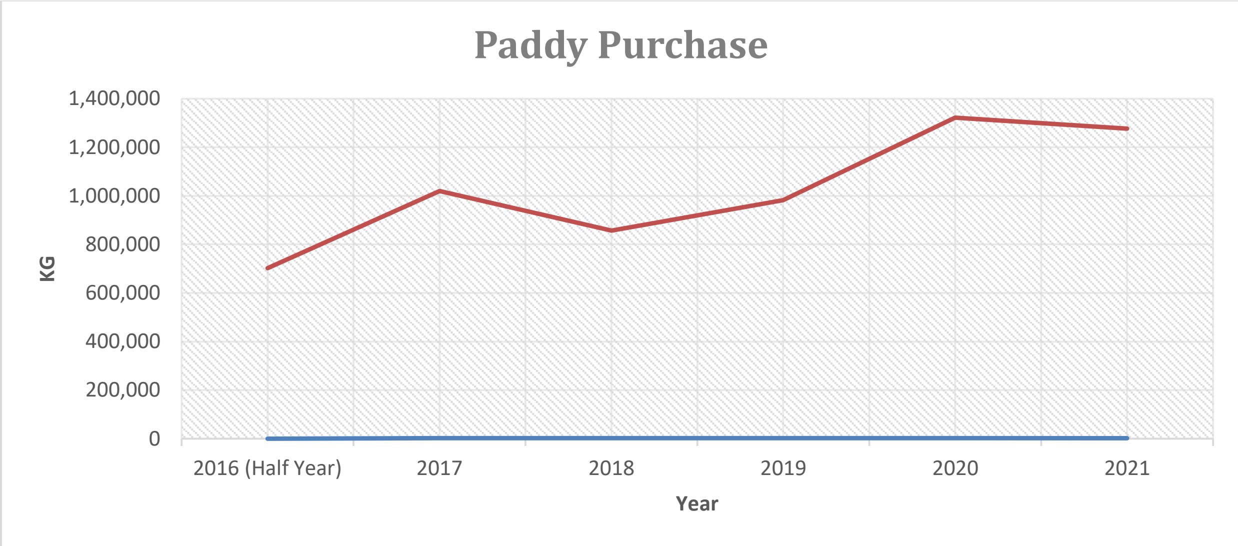
Year	2016 (Half Year)	2017	2018	2019	2020	2021
Audited Profit / Loss after income tax	$105,952	$289,377	$386,068	$183,251	2,493,589	$161,592



The above graph illustrates the profitability trend from 2016-2021. The audited profit after income tax for the year 2019 declined compared to 2018. This is mainly due to decline in milled grain revenue by 20% compared to 2018 which included gain on sale from company property sold however it increased drastically in 2020. The 2020 profit included gain on sale of asset of $2,611,981.

GRAPH 2: FIJI RICE LTD PADDY PURCHASE RECORD FROM 2016-2021

Year	2016 (Half Year)	2017	2018	2019	2020	2021
Paddy Purchase (KG)	702235	1,019,650	857,009	982,254	1,322,033	1,276,979



Graph 2, illustrates the paddy supply trend which has increased from 2018 to 2020 and slightly decreased in 2021. The increase in production is mainly due to FRL venturing into commercial farming and the scale is set to increase year by year and hence the production is expected to increase drastically with new areas of planting and massive planting campaign in Viti Levu.

HISTORIC EVENTS

1. Good Governance Workshop

Fiji Rice together with Coconut Millers jointly organized Good Governance workshop by Ms. Ana Tuikeitei – Legal Consultant. The workshop highlighted the areas of government policies and acts affecting the State Owned Enterprises to which the company is part of. The workshop has also tapped on some unknown areas to general staff.

2. Financial Literacy Training with Reserve Bank of Fiji

Fiji Rice Limited arranged Financial Literacy Training for Rice Farmers of Dreketi and Tabia from Reserve Bank of Fiji. This was a first ever training session conducted by Reserve Bank.

3. Rice Development Program

Fiji Rice signed MOU with Festival of the Friendly North Carnival Committee for rice farming projects at the farm in Vunivau, Labasa. As part social responsibility Fiji Rice agreed to support the Committee considering all funds raised by the committee is gone towards charity.

4. Agriculture Show 2020

Agriculture Show returned after 2 years after Covid restrictions were eased. Fiji Rice partly sponsored the event and also actively involved in organizing the event with Ministry of Agriculture.

5. Rice Flour Launching

Fiji Rice launched Rice Flour in the market in view of bringing back olden taste of foods cooked with Rice Flour. The flour is made from broken rice which is the by-product for rice milling. The company invested around $5,000.00 on added mill machine.

6 Warehouse Opening at Dreketi Mill

The new warehouse was opened by Former Attorney General and Minister for Economy. The warehouse was partially funded by the government and Fiji Rice Limited. The total cost of the building was $333,844.95 and the warehouse was built for farmers to store their paddy especially during rainy season.

CORPORATE GOVERANCE

Board of Directors

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

Board of Directors

Mr. Raj Sharma (Board Chairman)

Mr. Ratu Wiliame M Katonivere (Director) – resigned on 21 October 2021.

Mr. Ashok Kumar (Director)

Mr. Michael Faktaufon (Director) – appointed on 20 December 2021

Ms. Priyashni Chand (Director) – appointed on 20 December 2021

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.

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.

Committees of the Board

The Board has formally constituted the Human Resources committee, Milling and 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.

CHAIRMAN'S REPORT

In 2021, we had just completed the first full year of the Covid pandemic. I note the resilience demonstrated by the business and the creditable performance delivered in difficult circumstances. Despite the day-to-day challenges, the company has delivered outstanding results while continuing to invest for the future.

On a positive note, we were pleased that due to food security concerns, there was a more focused approach to Agriculture and hence Rice Farming in Fiji. The year recorded a production of 1,277 tons of Paddy.

In that note, 2021 we made a profit before tax of $161,592.

The company launched Rice Flour which is made out of broken rice. Rice flour increased our revenue, and it was initiated considering rising price of wheat in the global market. We believe Rice Flour can substitute wheat flour in many recipes.

Furthermore, in 2020 the company opened its Warehouse worth $330,000 in Dreketi. The Warehouse is expected to provide storage for our farmers during rainy season.

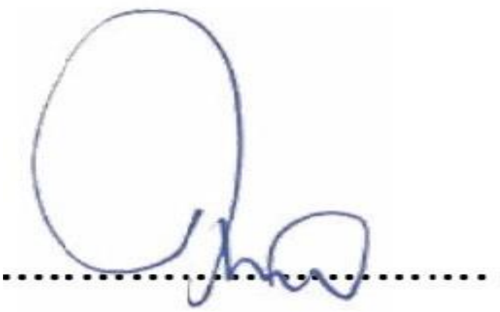
We continue to offer high quality sustainable services with the spirit of leadership that we are known for, to continue for sustainability and supporting the government initiatives such as food security.

The company performance despite challenges was truly through the talent, dedication, and hard work of all our employees. I would like to take this opportunity to thank and congratulate our Executive Team, my Board colleagues and indeed all employees for their effort over the last year.

I also would like to thank the Government for their support, Ministry of Agriculture to provide subsidies to the farmers and last but most importantly our farmers who continue to work hard and supply to Fiji Rice.

We are looking forward to good years ahead as we have cemented our brand in the local market and we believe we are up to the challenge and are stronger, more competitive and positioned for the growth.

Thank you for your continued support and commitment.



Mr. Raj Sharma

Chairman FRL Pte Ltd

GENERAL MANAGER'S REPORT

It is a privilege to be leading Fiji Rice Limited, a State-Owned Enterprise, Purpose & Performance-driven organization, and an exciting time as the company continued to achieve profitability despite challenges of Covid 19.

As we enter the next chapter of our proud history, I've been listening to our customers, farmers, partners, and employees, and am excited for the future we all share— building upon strong foundations to expand our impact, increase our reach, and accelerate our pace.

One thing that has deeply impressed me is how we play our part in helping build better futures for our farmers & employees, their families, and their communities as a source of income and their livelihood.

I'd like to share some 2021 highlights:

- Good Governance Training for Staff
- Financial Literacy Training for Rice farmers
- Launching of Rice Flour with investment of $8,000.00.
- Opening of warehouse in Dreketi
- 1277 tons of paddy received at the mill

While our strategy has always been focused on our people, we believe driving on these five key dimensions will continue to build our foundation for the future and we expect to stay highly focused on them.

- Increasing production by reaching out to farmers
- Strengthening of policy, legal, regulatory, and strategic framework for sustainable operations.
- Improving and strengthening of our supply chain, market access and marketing of brown rice
- Enhancement and strengthening of our stakeholder's partnership especially with Ministry of Economy, Ministry of Agriculture, Farmers and Customers.
- Strengthening of effective financial regulatory, compliance and enforcement.

I'll also thank our Board of Directors, for both giving me this opportunity and their helpful guidance. I look forward to working with the company for years to come.

And finally, our shareholders, for your trust in our business.

Vinaka

Mr. Ashrit Pratap
General Manager
Fiji Rice Limited

FIJI RICE PTE LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2021

OFFICE OF THE AUDITOR GENERAL
Promoting Public Sector Accountability and Sustainability through our Audits

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Website: www.oag.gov.fj

File: 1268

23 August 2022

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

Dear Mr. Sharma

FIJI RICE (PTE) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

Audited financial statements for Fiji Rice (PTE) Limited for the year ended 31 July 2021 together with my audit report on them are enclosed.

Particulars of the errors and omission arising from the audit have been forwarded to the management of the Company for necessary action.

Yours sincerely

Sairusi Dukuno
ACTING AUDITOR-GENERAL

Encl.

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 2021, the related statement of comprehensive income, statement of changes in equity and the statement of 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:

Mr. Raj Sharma	Board Chairman
Mr. Ratu Wiliame M Katonivere	Deputy Director - resigned on 21 October 2021
Mr. Ashok Kumar	Deputy Director
Mr. Michael Faktaufon	Director - appointed on 20 December 2021
Ms. Priyashni Chand	Director - appointed on 20 December 2021

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 engaged in rice farming project during the year.

3. Trading Results

The operating profit after income tax for the year was $161,592 (2020: operating profit after income tax of $2,491,787).

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 2021 there is an overall excess of liabilities over assets (deficiency) of $1,253,335.

The principal components of liabilities are advances from shareholder and subordinated loans amounting to $6,725,382. The shareholders have agreed in principle to convert $4,600,000 shareholders advance to a grant. However, the directors will effect 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.

7 Bad and Doubtful Debts

Prior to the completion of the company's financial statements, the directors took reasonable steps to ascertain that action has been taken in relation to writing off 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 allowance 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 unlikely to realise in the ordinary course of business their values as shown in the accounting records of the company. Where necessary, these steps 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, no matters or circumstances have arisen which 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 other than what is disclosed in Note 25.

11. Other circumstances

As at the date of this report:

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

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

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

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

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.

Dated at this 17th day of August, 2022.

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

Director **Director**

FIJI RICE LIMITED
STATEMENT BY THE BOARD OF DIRECTORS
FOR THE YEAR ENDED 31 JULY 2021

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 31st July 2021;

(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 31st July 2021;

(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 31st July 2021;

(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 31st July 2021;

(v) at the date of this statement, there are reasonable grounds to believe that 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 and in accordance with a resolution of the directors.

Dated this 17th day of August, 2022.

Signed in accordance with the resolution of the Board of Directors.

....
Director **Director**

Level 1, Modyl Plaza
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FIJI RICE PTE LIMITED

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF FIJI RICE PTE LIMITED

As auditor for the audit of Fiji Rice Pte Limited for the financial year ended 31 July 2021, I declare to the best of my knowledge and belief that there have been:

(a) No contravention of the auditor independence requirements of the Companies Act, 2015 in relation to the audit; and

(b) No contravention of any applicable code of conduct in relation to the audit.

This declaration is in respect to Fiji Rice PTE Limited during the financial year.

Sairusi Dukuno
ACTING AUDITOR-GENERAL

AUDITOR - GENERAL
FIJI

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits

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INDEPENDENT AUDITOR'S REPORT

Fiji Rice Limited

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Fiji Rice Limited ("the Company"), which comprise the Statement of Financial Position as at 31 July 2021, the Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 July 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting standards (IFRS).

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 Accountant's *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled my other 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

I draw attention to the following:

1. As discussed in Note 2(b)(ii) of the Notes to the financial statements, there was an overall excess of liabilities over assets of $1,253,335 (2020: $1,414,927) as at 31 July 2021.

2. The review of the depreciation rates and the economic useful lives of the individual classes of plant and equipment in a progressive and structured manners for consideration and review by the Directors of the Company is yet to be performed. As at balance date, the Company continued to use the assets with zero written down value totaling $436,068 to generate economic activities without taking into account the depreciation expenses in the statement of comprehensive income.

My opinion is not modified in respect of these matters.

Other information

The Directors and Management are responsible for the other information. The other information comprises the Annual report but does not include the financial statements and the auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report the fact. I have nothing to report in this regard.

Responsibilities of the Management and Directors for Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Auditor's Responsibilities for the Audit of the Financial Statements (Con't)

- Conclude on the appropriateness of the Management's and Directors' use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 the Management and Directors 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.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

In my opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2015 in all material respects, and:

a) I have been given all information, explanations and assistance necessary for the conduct of the audit; and

b) the company has kept financial records sufficient to enable the financial statements to be prepared and audited.

Sairusi Dukuno
<u>ACTING AUDITOR-GENERAL</u>

AUDITOR - GENERAL
FIJI

Suva, Fiji
23 August 2022

FIJI RICE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2021

	Note	2021 $	2020 $
Operating revenue	5(i)	1,291,660	1,032,089
Cost of goods sold		(1,230,022)	(1,046,980)
Gross profit/(loss)		**61,638**	**(14,891)**
Other revenue	5(ii)	1,306,173	1,314,108
Gain on sale of asset		-	2,611,981
		1,367,811	3,911,198
Administrative expenses		(930,745)	(974,641)
Other farm expenses		(265,027)	(112,340)
Profit from operations		**172,039**	**2,824,217**
Income tax expense	6(i)	(10,447)	(332,430)
Profit after income tax expense		**161,592**	**2,491,787**
Other comprehensive income		-	-
Total comprehensive income for the year		**161,592**	**2,491,787**

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

FIJI RICE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2021

	Notes	2021 $	2020 $
CURRENT ASSETS			
Cash on hand and at bank	9	690,897	488,465
Term deposits	10	2,080,695	2,432,359
Trade and other receivables	7	728,222	535,565
Inventories	8	397,750	440,721
Income tax receivable	6(ii)	36,525	-
		3,934,089	**3,897,110**
NON-CURRENT ASSETS			
Property, plant and equipment	12	2,276,808	2,319,359
Intangible assets	13	4,892	5,388
Right of use assets	20(i)	45,872	34,213
		2,327,572	**2,358,960**
TOTAL ASSETS		**6,261,661**	**6,256,070**
CURRENT LIABILITIES			
Trade and other payables	14	24,162	49,191
Income tax payable	6(ii)	-	16,059
Rice development revolving fund	15	91,743	91,743
Lease liability	20(ii)	48,430	35,923
Provisions	16	6,086	11,320
Deferred grant liability	11	122,759	122,186
		293,180	**326,422**
NON-CURRENT LIABILITIES			
Borrowings	17	6,725,382	6,725,382
Deferred grant liability	11	496,434	619,193
		7,221,816	**7,344,575**
TOTAL LIABILITIES		**7,514,996**	**7,670,997**
NET (DEFICIENCY) IN ASSETS		**(1,253,335)**	**(1,414,927)**
SHAREHOLDERS EQUITY			
Share capital	18	1,506,224	1,506,224
Accumulated losses		(2,759,559)	(2,921,151)
TOTAL SHAREHOLDERS EQUITY		**(1,253,335)**	**(1,414,927)**

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

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

Dated this 17th day of August 2022.

....
Director

....
Director

FIJI RICE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2021

	Share Capital $	Accumulated Losses $	Total $
Balance at 31st July 2019	**1,506,224**	**(5,412,938)**	**(3,906,714)**
Net profit for the year	-	2,491,787	2,491,787
Total comprehensive income for the year	-	-	-
Balance at 31st July 2020	**1,506,224**	**(2,921,151)**	**(1,414,927)**
Net profit for the year	-	161,592	161,592
Total comprehensive income for the year	-	-	-
Balance at 31st July 2021	**1,506,224**	**(2,759,559)**	**(1,253,335)**

FIJI RICE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2021

	Note	2021	2020
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and government grants		2,178,834	1,955,417
Payment to suppliers and employees		(2,080,346)	(1,975,637)
Cash generated from / (used in) operating activities		98,488	(20,220)
Income taxes and other taxes paid		(68,387)	(439,822)
Interest received - operating account		-	5,578
Net cash provided by / (used in) operating activities		30,101	(454,464)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property plant and equipment		-	2,752,293
Payment for acquisition of property plant and equipment		(260,257)	(289,849)
Proceeds from maturity of investments		404,467	-
Payment for purchase of investments		-	(2,432,359)
Interest received - investments		39,077	47,841
Net cash provided by investing activities		183,287	77,926
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability		(10,956)	(10,951)
Net cash used in financing activities		(10,956)	(10,951)
Net increase / (decrease) in cash and cash equivalents		202,432	(387,489)
Cash and cash equivalents at the beginning of the year		488,465	875,954
Cash and Cash Equivalents at the end of the Year	9	**690,897**	**488,465**

(The Statement of Cash flows is to be read in conjunction with the notes to and forming part of the financial statements)

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 engaged in Rice farming project during the year.

The ultimate holding entity is the Government of Fiji.

These financial statements were authorised for issue by the directors on 17th August 2022.

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 certain assets.

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 31st July 2021 there is an overall excess of liabilities over assets (deficiency) of $(1,253,335) (2020: $1,414,927).

The principal components of liabilities are advances from shareholder and subordinated loan amounting to $6,725,382 (2020: $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) Changes in Accounting Policies

New Standards Applied by the entity - IFRS 9 – Financial Instruments, IFRS 15 – Revenue from Contracts with Customers and IFRS 16 – Leases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Changes in Accounting Policies (cont'd)

A. IFRS 9 - Financial Instruments

The company adopts IFRS 9 *Financial Instruments* issued in July 2014 with a date of initial application of 1 August 2018. The requirements of IFRS 9 represent a significant change from IAS 39 *Financial Instruments: Recognition and Measurement*.

The nature and effects of the key changes to the company's accounting policies resulting from its adoption of IFRS 9 are summarised below:

As a result of the adoption of IFRS 9, the company adopted consequential amendments to IAS 1 Presentation of Financial Statements which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income (OCI). Previously, the company's approach was to include the impairment of trade receivables in operating expenses. Additionally, the company adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2021 but generally have not been applied to comparative information.

i. Classification of Financial Assets and Financial Liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale financial assets.

For an explanation of how the company classifies and measure financial assets and accounts for related gains and losses under IFRS 9, refer Note 2(q).

The adoption of IFRS 9 has not had a significant effect on the company's accounting policies for financial liabilities.

ii Impairment of Financial Assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, and loan commitments issued, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

iii Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 August 2018. Accordingly, the information presented for 31 July 2018 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 31 July 2019 under IFRS 9.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of the business model within which a financial asset is held.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.
- If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the company assumed that the credit risk on the asset had not increased significantly since its initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Changes in Accounting Policies (cont'd)

A. IFRS 9 - Financial Instruments (cont'd)

iv Classification of Financial Assets and Financial Liabilities on the date of initial application of IFRS 9

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the company's financial assets and financial liabilities as at 1 August 2018.

	Note	Original Classification under IAS 39	New Classification under IFRS 9	Original carrying amount under IAS 39 ($)	New carrying amount under IFRS 9 ($)
Financial Assets					
Cash on hand and at bank	9	Loans and receivables	Amortised cost	798,421	798,421
Trade and other receivables (excluding prepayments)	7	Loans and receivables	Amortised cost	354,262	354,262
Total Financial Assets				**1,152,683**	**1,152,683**
Financial Liabilities					
Trade and other payables		Other financial liabilities	Other financial	286,765	286,765
Borrowings	16			6,725,382	6,725,382
Total Financial Liabilities				**7,012,147**	**7,012,147**

The company's accounting policies on the classification of financial instruments under IFRS 9 are set out in Note 2(q). The application of these policies resulted in the reclassifications set out in the table above and explained below:

Loans, advances and receivables that were classified as loans and receivables under IAS 39 are now classified as amortised cost.

There has been no significant impact of transition to IFRS 9 on the opening ECL allowance determined in accordance with IFRS 9 as at 1 August 2018.

B. IFRS 16 - Leases

The company has early adopted IFRS 16 *Leases* with a date of initial application of 1 August 2018. As a result, the company has changed its accounting policy for lease contracts as detailed below.

The company applied IFRS 16 using the cumulative catch-up transition method, under which the cumulative effect of initial application is recognised in retained earnings as at 1 August 2018. The details of the changes in accounting policies are disclosed below.

i. Definition of a Lease

Previously, the company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS

16, the company assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 2(m).

On transition to IFRS 16, the company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 August 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Changes in Accounting Policies (cont'd)

B. IFRS 16 - Leases (cont'd)

ii. As a Lessee

As a lessee, the company previously classified leases as operating lease or finance lease based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset. Under IFRS 16, the company recognises right-of-use assets and lease liabilities for all leases except for short term leases– i.e. these leases are on statement of financial position.

For leases of other assets, which were classified as operating under IAS 17, the company recognised right-of-use assets and lease liabilities with date of initial application of 1 August 2018.

Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate as at 1 August 2018. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

iii. As a Lessor

The company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease.

Under IFRS 16, the company is required to assess the classification of a sub-lease with reference to the right-of-use asset, not the underlying asset. On transition, the company reassessed the classification of a sub-lease contract previously classified as an operating lease under IAS 17. The company concluded that the sub-lease continues to be classified operating lease under IFRS 16 and thus there has been no impact on transition to IFRS 16 in relation to sub-lease.

iv. Impacts on Financial Statements

On transition to IFRS 16, the company recognised $57,824 of right-of-use assets and an $57,824 of lease liabilities.

When measuring lease liabilities, the company discounted lease payments using its incremental borrowing rate at 1 August 2018. The weighted-average rate applied is 6%.

C. IFRS 15 - Revenue from Contracts with Customers

The company adopted IFRS 15 *Revenue from Contracts with Customers* issued in May 2014 with a date of initial application of 1 August 2018. As a result, the company has changed its accounting policy for revenue recognition. There has been no significant impact of transition to IFRS 15 on retained earnings as at 1 August 2018.

New standards, amendments, annual improvements and interpretation that have been issued but are not mandatorily effective as at 31 July 2020.

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the company has decided not to adopt early. The most significant of these is:

IFRIC 23 Uncertainty over Income Tax Positions (effective 1 January 2019).

The company does not expect any standards issued by the IASB, but not yet effective, to have a material impact on the company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Changes in Accounting Policies (cont'd)

The company has progressed its projects dealing with the implementation of the key new accounting standard and is able to provide the following information regarding their likely impact:

IFRIC 23 Uncertainty over Income Tax Positions

IFRIC 23 clarifies how to recognise and measure current and deferred income tax assets and liabilities when there is uncertainty over income tax treatments. IFRIC 23 is not expected to have a material impact on the company.

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	20%
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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Revenue Recognition

The company applied IFRS 15 retrospectively using the cumulative effect method and therefore the comparative information has not been restated and continuous to be reported under IAS 18. There was no significant impact of the changes in accounting policies from the adoption of IFRS 15.

The policy applicable from 1st August 2018

Revenue is recognised at an amount that reflects the consideration that the company is expected to be entitled to in exchange for transferring goods or services to a customer, using a five-step model for each revenue stream as prescribed in IFRS 15. The five-step model is as follows:

- Identification of the contract
- Identification of separate performance obligations for each good or service
- Determination of the transaction price
- Allocation of the price to performance obligations and
- Recognition of revenue

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The company has applied IFRS 16 using the cumulative catch-up transition method and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16, and the impact of these changes is disclosed in Note 2(c).

Policy applicable from 1st August 2018

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

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use: and
- The company has the right to direct the use of the asset. The company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the company has the right to direct the use of the asset if either:
    - the company has the right to operate the asset; or
    - the company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 August 2018. At inception or on reassessment of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

However, for the leases of land and buildings in which it is a lessee, the company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Policy applicable as a lessee

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Leases (cont'd)

Policy applicable as a lessee (cont'd)

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

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

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

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

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

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

The Company presents right-of-use assets and lease liabilities as separate line items in the statement of financial position.

Short-term leases and leases of low-value assets

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

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

Policy applicable before 1st August 2018

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

Company as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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.

p) Government Grant

Government Grant are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be compiled 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 received paddy grant from Ministry of Public Enterprise which is used to purchase rice paddies from the paddy farmers.

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

q) Financial Instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets - Policy applicable from 1st August 2018

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Financial Instruments (cont'd)

ii. Classification and subsequent measurement (cont'd)

Financial assets - Policy applicable from 1st August 2018 (cont'd)

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

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

Financial Assets: Business model assessment - Policy applicable from 1st August 2018

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

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 August 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Financial assets: Reclassification – Policy applicable from 1 August 2018

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

Financial assets: Subsequent measurement and gains and losses - Policy applicable from 1 August 2018

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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

q) **Financial Instruments (cont'd)**

ii. **Classification and subsequent measurement (cont'd)**

Financial assets: Subsequent measurement and gains and losses - Policy applicable from 1 August 2018(cont'd)

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

Financial assets – Policy applicable before 1 August 2019

The company classified its financial assets in the following categories: available for sale financial assets and loans and receivables. The classification depends on the nature and purpose for which the financial assets were acquired and is determined at the time of initial recognition.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale financial assets are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of profit or loss as gains and losses from investment securities.

Dividends on available-for-sale financial assets are recognised in the statement of profit or loss as part of other income when the company's right to receive payments is established.

The company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of profit or loss is removed from equity and recognised in the statement of profit or loss.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are classified as non-current assets. The company's receivables comprise 'trade and other receivables and advances' disclosed in the statement of financial position. Bad debts are written off during the period in which they are identified.

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment loss. An allowance for impairment loss 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. Allowance is raised on a specific debtor level. Significant financial difficulties of the debtors 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.

Subsequent recoveries of amounts previously written off are credited in the statement of profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Financial Instruments (cont'd)

ii. Classification and subsequent measurement (cont'd)

Financial Liabilities

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

iii. Derecognition

Financial Assets

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

The company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial Liabilities

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

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

iv. Modifications of Financial Assets

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

Policy applicable from 1st August 2018

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

Policy applicable before 1st August 2018

If the terms of a financial asset were modified because of financial difficulties of the borrower and the asset was not derecognised, then impairment of the asset was measured using the pre-modification interest rate.

v. Offsetting

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Financial Instruments (cont'd)

v. Offsetting (cont'd)

a. Impairment of Financial Instruments

Policy applicable from 1st August 2018

The company recognises loss allowances for ECLs on financial assets measured at amortised cost.

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

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

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

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

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

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

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

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

Classification and subsequent measurement

Measurement of ECLs

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

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

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

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

Credit - impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 30 days past due;
- the restructuring of a loan or advance by the company on terms that the company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Financial Instruments (cont'd)

v. Offsetting (cont'd)

a. Impairment of Financial Instruments (cont'd)

Presentation of allowance for ECL in the statement of financial position

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

Write-Off

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

Policy applicable before 1st August 2018

The company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. The company considers a decline of 20% to be significant and a period of twelve months to be prolonged. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

An allowance for impairment of 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss as part of provision for doubtful debts. 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 against provision for doubtful debts in profit or loss.

The company establishes an allowance for any doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off during the period when they are identified.

3 FINANCIAL 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.

3 FINANCIAL RISK MANAGEMENT (continued)

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 2020.

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

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

Nil impairment losses on financial assets were recognised in profit or loss for the year.

Trade and Other Receivables

Expected credit loss assessment for trade and other receivables as at 31 July 2021.

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

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

3 FINANCIAL RISK MANAGEMENT (continued)

B. Credit Risk (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables from individual customers as at 31 July 2021:

	Weighted - Average Loss Rate (%)	Gross Carrying Amount ($)	Loss Allowance ($)	Credit Impaired ($)
31st July 2021				
Current (not past due)	0.91%	71,461	652	No
30 days past due	0.96%	59,680	574	Yes
60 days past due	1.66%	4,539	76	Yes
More than 90 days past due	2.89%	22,485	649	Yes
		158,165	**1,951**	

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

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 2021, no provision for impairment has been made as the Company reasonably believes that no indicators for impairment exists.

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.

		2021 ($)	2020 ($)
5	**REVENUE**		
(i)	Operating Revenue		
	Milled grain	1,291,660	1,032,089
(ii)	Other Revenue		
	Deferred grant income	122,186	116,108
	Paddy grant	982,119	1,015,036
	Paddy sales	45,995	87,798
	Sundry income	31,494	3,186
	Interest income	91,880	53,419
	Farm income	32,499	38,561
		1,306,173	1,314,108

a. Paddy sales of $45,995 relates to sale of paddy to the company for rice production which is grown by Fiji Rice Ltd. The company is engaged in Farm project.

b. Farm income of $32,499 includes hiring of tractor, harvester and excavator.

c. Interest income includes the interest earned from term deposit of $1m in Kontiki Finance, $1m in Credit Cooperation and $400,000 in Kontiki Finance.

d. Paddy grant income of $982,119 is the grant provided by the government of Fiji island to purchase paddy (raw material) from the farmers.

e. Deferred grant income of $122,186 is the income realised over the capital grant liability.

6 INCOME TAX

(i) Income Tax Expense

	2021	2020
Operating profit before income tax	172,039	2,569,794
Prima facie income tax expense calculated at 20% on the operating profit	34,408	513,959
Add back permanent difference		
Tax effect of non-deductible expenses	(13,264)	87,385
Tax effect of deductible expenses	-	(268,914)
	21,144	332,430
Deduct difference between lodgement and provision for income tax 2020	(5,341)	-
Reversal of provision for income tax booked in year 2020	(5,356)	-
Income tax expense	10,447	332,430

(ii) Income Tax Benefit

Income tax (asset/liability)

	2021	2020
Balance at beginning of the year	16,059	58,288
Tax Liability for the current year	21,144	332,430
Income tax paid in 2021	(68,387)	(263,438)
Advance Tax paid in 2021	-	(26,384)
Credit from previous year	-	(79,782)
Under Provision of Income Tax	(5,341)	(5,055)
Balance at year-end	(36,525)	16,059

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

a. the company derives assessable income of a nature and of sufficient amount to enable the benefit of tax losses and deductions to be realised;

b. the conditions for deductibility imposed by law are complied with; and

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

7 TRADE AND OTHER RECEIVABLES

	2021 ($)	2020 ($)
Trade receivables	157,971	205,898
Provision for impairment	(8,513)	(16,958)
	149,458	188,940
Other debtors and prepayments	26,673	42,708
Grant received in advance	552,091	303,917
Lodgement not credited	-	146,123
Provision for impairment	-	(146,123)
	728,222	535,565

Grant received in advance of $552,091 is FRL's own cash flow used to pay farmers for the paddy purchase.

The aging analysis of trade receivables is as follows:

	2021 ($)	2020 ($)
Current	71,267	57,692
1 to 3 months	59,680	65,682
Over 3 months	27,024	82,524
	157,971	205,898

Movement in the provision for impairment is as follows:

	2021 ($)	2020 ($)
Opening Balance	163,081	156,519
Provision for impairment	1,951	6,562
Debtors write off	(156,519)	-
	8,513	163,081

The FRL Board has written of old provision for impairment of $156,519 from the Balance Sheet.
The company does not hold any collateral as security.

8 INVENTORIES

	2021 ($)	2020 ($)
Raw materials	331,805	400,130
Finished goods	30,083	20,594
Consumables	35,862	19,997
	397,750	440,721

FRL had a closing stock of raw material (Paddy) of 442,406kg valued at $331,804.50 at the financial year end.

9 CASH ON HAND AND AT BANK

	2021 ($)	2020 ($)
Cash at bank operating account - HFC Bank	551,193	410,315
Cash on hand	58	219
Cash at bank grant account - HFC Bank	51,166	839
Rice development fund - HFC Bank	84,763	91,625
Dreketi operating account - HFC Bank	721	950
Unidentified direct deposit	-	(15,641)
Undeposited fund	2,996	158
	690,897	488,465

The cash at bank grant account is use only for the purpose of paying the Farmers (Farmers who supply the paddy (raw material) to Fiji Rice Ltd). The Rice Development Fund Account is used for the purpose of Rice Projects only.

10 TERM DEPOSITS

FRL holds $2,080,695 in term deposit with the following Banks/Financial Institution:

Bank/Financial Institution	Period	Interest Rate	2021 ($)	2020 ($)
Kontiki Finance	1 year	2.75%	1,010,269	-
Kontiki Finance	1 year	3.75%	1,070,426	1,027,892
Kontiki Finance	6 months	2.50%	-	404,467
Credit Cooperation	1 year	3.85%	-	1,000,000
			2,080,695	2,432,359

11 DEFERRED GRANT LIABILITY

	2021 ($)	2020 ($)
Opening Balance	741,379	857,487
Grant received from Government	-	-
Less: Recoupment of deferred grant revenue	(122,186)	(116,108)
	619,193	741,379
Classified as follows:		
Current	122,759	122,186
Non-current	496,434	619,193
	619,193	741,379

12 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 Building $	Motor Vehicle $	Furniture Fittings and Equipment $	Mill Machinery and Plant $	Work In Progress $	Total $
Cost						
Balance as at 01 August	1,131,215	1,265,460	228,413	1,732,013	275,831	4,632,932
Additions	170,955	10,596	3,706	75,000	-	260,257
Transfer	275,831	-	-	-	(275,831)	-
Disposal	(28,211)	(3,619)	(122)	(5,219)	-	(37,171)
Balance as at 31st July	1,549,790	1,272,437	231,997	1,801,794	-	4,856,018
Accumulated depreciation						
Balance as at 01st August	283,631	643,836	204,305	1,181,801	-	2,313,573
Depreciation for the year	32,839	187,408	5,441	39,949	-	265,637
Disposal	-	-	-	-	-	-
Balance as at 31st July	316,470	831,244	209,746	1,221,750	-	2,579,210
Net carrying amount						
31st July 2021	1,233,320	441,193	22,251	580,044	-	2,276,808
31st July 2020	847,584	621,624	24,108	550,212	275,831	2,319,359

(ii) WIP of $275,831 relates to the construction of new Dreketi Warehouse which is being completed in the current financial year.

13 INTANGIBLE ASSETS

	2021 ($)	2020 ($)
Cost - Computer software		
Balance as at 01 August	8,508	8,508
Additions	-	-
Disposal	-	-
Balance as at 31 July	8,508	8,508
Accumulated amortisation		
Balance as at 01 August	3,120	2,624
Amortisation for the year	496	496
Balance as at 31 July	3,616	3,120
Net carrying amount - 31st July	4,892	5,388

	2021	2020
14 TRADE AND OTHER PAYABLES	**($)**	**($)**
Trade creditors	21,919	42,876
VAT payable	2,243	6,315
	24,162	49,191

15 REVOLVING FUND

Rice Development revolving fund	91,743	91,743
	91,743	91,743

The company received funding of $100,000 from the Ministry of Economy for the Rice Development Program where the company will undertake rice farming on idle rice farms for farmers. The farmers will provide the land at nil cost, in return, the company will cultivate the land, harvest the paddy and supply the paddy to the mill at their own cost. From the proceeds received from the supply of paddy (market rate), the company will deduct all the production costs plus an administration cost of 10% before surplus from proceeds is distributed to farmers. The production cost will be reimbursed in the Rice development program funds. This fund operates as a revolving fund facility whilst the 10% administration cost will be utilised for the company's operational costs.

The company maintains a separate bank account to administer this funds and acquits to the Ministry of Economy on a quarterly basis.

16 PROVISIONS

Employee Entitlements		
Opening Balance	5,964	1,045
Add: Accruals made in the year	6,086	5,964
Less: Leave utilised in the year	(5,964)	(1,045)
Closing Balance	6,086	5,964
Income Tax		
Provision for Income Tax 2021	-	5,356
Closing Balance	-	5,356
Total Provisions	6,086	11,320

17 BORROWINGS

Non-Current		
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

18 SHARE CAPITAL

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

19 EARNINGS / (LOSS) PER SHARE

	2021 ($)	2020 ($)
Net profit for the year	172,039	2,824,218
Number of equity shares outstanding (Nos)	753,112	753,112
Basic and diluted earnings per share	0.23	3.75

20 LEASES

As a Lessee

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

(i) **Right of use assets**

Balance at 1 August 2020	34,213	46,018
Additions for the year	23,463	-
Depreciation charge for the year	(11,804)	(11,805)
Balance at 31st July 2021	45,872	34,213

(ii) **Lease Liabilities**

Balance at 1 August 2020	35,923	46,875
Additions for the year	23,463	-
Payments	(10,956)	(10,952)
Balance at 31st July 2021	48,430	35,923

21 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:

Mr. Raj Sharma	Board Chairman
Mr. Ratu Wiliame M Katonivere	Deputy Director - resigned on 21 October 2021
Mr. Ashok Kumar	Deputy Director
Mr. Michael Faktaufon	Director - appointed on 20 December 2021
Ms. Priyashni Chand	Director - appointed on 20 December 2021

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

Directors Fees	22,230	21,850

(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

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

(e) Transactions with key management personnel

Key management personnel comprise of General Manager, Accountant and Mill Manager

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.

Salary and allowance	120,000	122,000
Contribution to Fiji National Provident Fund	12,000	12,200
	132,000	134,200

22 CAPITAL COMMITMENTS

Capital commitments at balance date - $NIL (2020: $85,025)

23 CONTINGENT LIABILITIES

Contingent Liabilities at balance date - $NIL.

24 SIGNIFICANT EVENTS DURING THE YEAR

Coversion of Government Loan to Equity

The conversion of Government loan to equity for Fiji Rice Ltd was announced in 2021 COVID -19 response budget. The company is on the verge of finalizing the share certificate. The debt to equity conversion to take place once the share certificate is finalized. This will have a major impact on the debt of the company.

COVI-19 Outbreak

On 25 April 2021, in response to the 2nd wave of COVID-19 outbreak in Fiji, the Government announced a number of measures including lockdown of certain containment areas within the country. Under the lockdown restrictions, all non-essential businesses were required to be closed unless the workplace was deemed part of a permitted essential industry as set out by the Ministry of Health and the Ministry of Commerce Trade and Transport. These measures have not had a material impact on the Company's Financial Statements as at 31 July 2021.

Tropical Cyclone Yasa

Fiji Rice Ltd suffered damages through Cyclone Yasa at the Dreketi Mill. The cost of damages totalled to $233,720. There were 2 tender awarded for repair. NR Construction was awarded tender worth of $91,720 for the repair of mill works and staff quarters. The second tender was awarded to Vanua Engineering worth of $142,000 for the Silo and Elevator works.

25 SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of the report any item, transactions or events of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

FIJI RICE LIMITED
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 JULY 2021

	2021 ($)	2020 ($)
Sales	1,291,660	1,032,089
	1,291,660	1,032,089
Less: Cost of Sales		
Opening Stock	440,721	233,489
Cost of Production	1,187,051	1,254,212
Closing Stock	(397,750)	(440,721)
Total Cost of Sales	1,230,022	1,046,980
Gross Profit/(Loss)	61,638	(14,891)
Gross Loss/Profit %	5%	-1%
Administrative Expenses	(930,745)	(974,641)
Other Expenses	(265,027)	(112,340)
Trading Losses	(1,134,134)	(1,101,872)
Add: Other Income	1,306,173	3,926,089
Operating Profit Before Income Tax	**172,039**	**2,824,217**

FIJI RICE LIMITED
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 JULY 2021

ADMINISTRATIVE EXPENSES	2021 ($)	2020 ($)
Advertising and promotion	4,862	9,028
Staff amenities - admin	997	824
Staff amenities - Dreketi	958	957
Business meeting expense	3,734	2,810
Legal and accounting	18,418	62,974
Board meeting expense	1,324	1,757
Provisional tax	1,273	1,142
Fumigation and cleaning	507	366
Depreciation on right use of assets	11,804	11,805
Board travelling expenses	2,700	8,115
Insurance	46,405	33,129
Gas cylinder	-	569
Rent and town rate	14,812	5,582
FNPF contribution	37,684	57,839
PAYE	6,600	6,582
Stationery	600	1,355
Annual leave	127	5,964
Salaries	139,189	138,693
Telephone/fax/internet	7,246	7,735
Director's fee	22,230	21,850
Travelling and accommodation	-	3,264
Staff entertainment	13,610	-
Water rates	988	636
Levy - TPAF	3,746	4,943
Electricity	4,086	3,590
Depreciation and amortisation expense	266,133	270,195
Computer software	250	-
Fire extinguisher services	417	789
Interest charge on lease liability	3,164	3,168
Sales and delivery expenses	39,940	49,117
Wages - Labasa	30,925	26,062
Dreketi supplies	577	123
Office expenses	5,169	3,104
Fuel and oil motor vehicle	3,998	9,565
Repairs and maintenance and motor vehicle expense	7,107	12,158
Wheel tax	4,317	3,559
Bank charges	10,516	6,670
Fringe benefit expense	1,449	1,560
Capital gain tax	-	150,000
Donation	5,500	10,023
Doubtful debts	1,951	6,562
Other expense	29,757	30,477
Disposal of asset	37,171	-
Bad debts	12,276	-
Inventory adjustment	126,228	-
Total Expenses	**930,745**	**974,641**