Fiji Rice Ltd

Healthy Pleasant to the Taste

ANNUAL REPORT

PP# - 146/24

2023


Major Sponsors:
Global Machinery Pte Limited
Unit Trust of Fiji & United Nations Capital Development Fund
PRESIDENTS AWARDS

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
- ❖ Teamwork: We believe that it is an 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's interest and objectives are upheld all the time through governance and desired objectives
- ❖ To make sure that we work towards financial independence
- ❖ To provide sound research on products, business development and marketing more than just rice
- ❖ To respect the community and value the environment that we operate in with objective towards sustainable food security.

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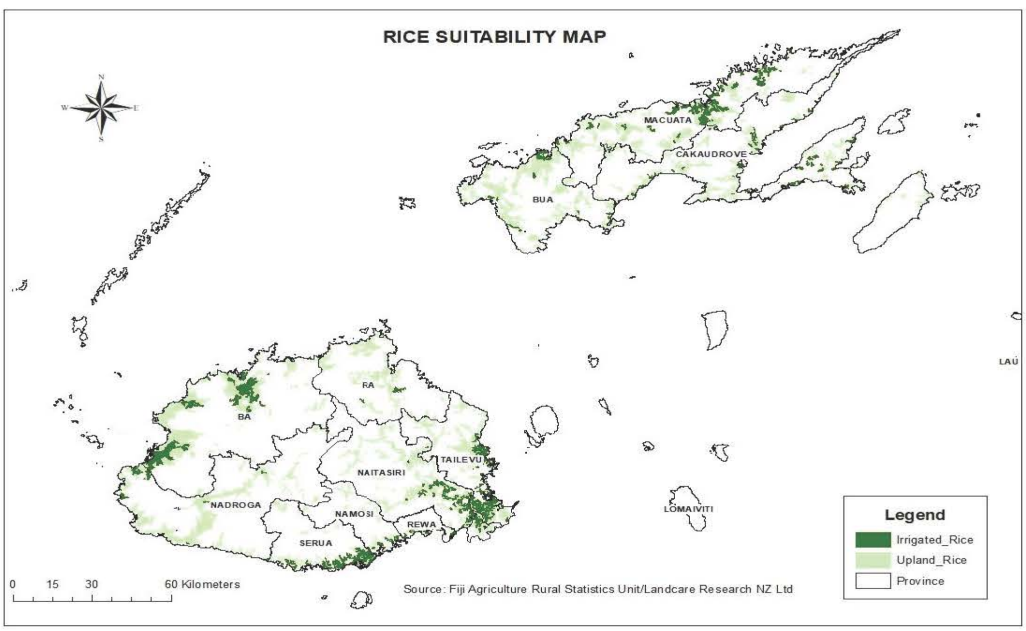


DISCAILMER STATEMENT

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 2023 is correct.

BUSINESS PROFILE

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

Over the years, the company had 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 turning the company around with various initiatives and work plans that would bring about financial independence to the company. Hence, the company is extending its presence (both in market coverage and farming schemes) to Viti Levu.

FRL now has a clear direction for meeting the shareholder's (state) expectations. We as the Board and Management are committed to making a change for the best for this industry and country.

At Fiji Rice Pte Limited we believe "beyond milling", with adequate monitoring and reporting.

Overview of Rice Industry

Rice is a staple crop for more than half the world's population and is grown in more than a hundred countries, with a total harvested area of approximately 158 million hectares, producing more than 700 million tons annually. Nearly 640 million tons of rice is grown in Asia, representing 90% of global production. Sub-Saharan Africa produces about 19 million tons and Latin America some 25 million tons. In Asia and sub-Saharan Africa, almost all rice is grown on small farms of 0.5–3 ha.

Yields of rice range from less than 1.0 ton per hectare under very poor rain fed conditions to more than 10.0 tonnes per hectare in intensive temperate irrigated systems. Rice yields in Fiji are around 3.5 to 4.0 tonnes per hectare. Despite Asia's dominance in rice production and consumption, rice is also very important in other parts of the world and is becoming popular in the South Pacific Region. Root Crops have been previously known as the main staple crop for the Pacific however, this trend is changing, and rice is progressively becoming the staple food crop for many Pacific Island Countries.

Fiji currently imports on average 52,000 metric tonnes of rice with a value of around $63 million annually. In 2022 Fiji produced around 10,000 tonnes of Rice on 2,857 hectares of land nationwide. Fiji's self-sufficiency level on Rice is about 20%.

For Fiji to achieve 100% self-sufficiency in rice production, a total of 10,500 hectares of land needs to be cultivated for two cropping seasons. This is anticipated to produce an annual harvest of 62,000 tons of paddy. Rice contributes to the improvement of livelihood of many farmers and their family members who rely on rice as the main source of income. Therefore, in Fiji rice has multi-dimensional roles for food security and economic growth. The three types of rice farming systems practiced in Fiji depend on the availability of water resources and topography. These three systems are irrigated, rainfed wetland and rain fed dryland which are planted with recommended varieties such as Sitara, Cagivou, Star, Boldgrain and NuiNui.

Rice cultivation in Fiji is practiced by two methods. Thirty percent of farmers are cultivating rice through transplanting while the rest are using the broadcasting method. To meet the growing needs of the population, it is necessary to produce more rice in future. This is a serious challenge as several biotic, abiotic and social factors continue to limit the productivity. Some of these challenges include, decrease in land and water resources, scarce and costly labour, use of single base fertilizers, high incidence of pests and diseases, rising cost of agro-inputs and impacts of climate change.

Way forward of Rice Industry if Fiji.

Fiji Rice Pte Ltd in partnership with Ministry of Agriculture had mutually agreed to develop strategies to reach out to farmers in view of increasing rice production in Fiji.

For dry land rice cultivation, farmers can plant and harvest two crops annually by planting the first crop in November to February while the second planting will be from March to May. This will increase overall production using the same piece of land. However, there is a possibility of another harvest if irrigation facilities are available.

Extension of Rice Production in Sugarcane Belt

A new sugarcane farmer venturing into rice farming will require 30 kg rice seeds to plant one acre of land. The farmers will have option to produce rice for home consumption as well as sell it to Fiji Rice Pte Ltd. The farmers will also learn rice farming and rice farming could be used as an intercrop option.

Village Community Based Rice Farming

Rice growing clusters will be formed in the villages with the assistance of Turaga-ni-Koro to identify communal land in the village for cultivation. Government assistance will be provided in the form of grants and subsidies to the farmer.

Public Private Partnership

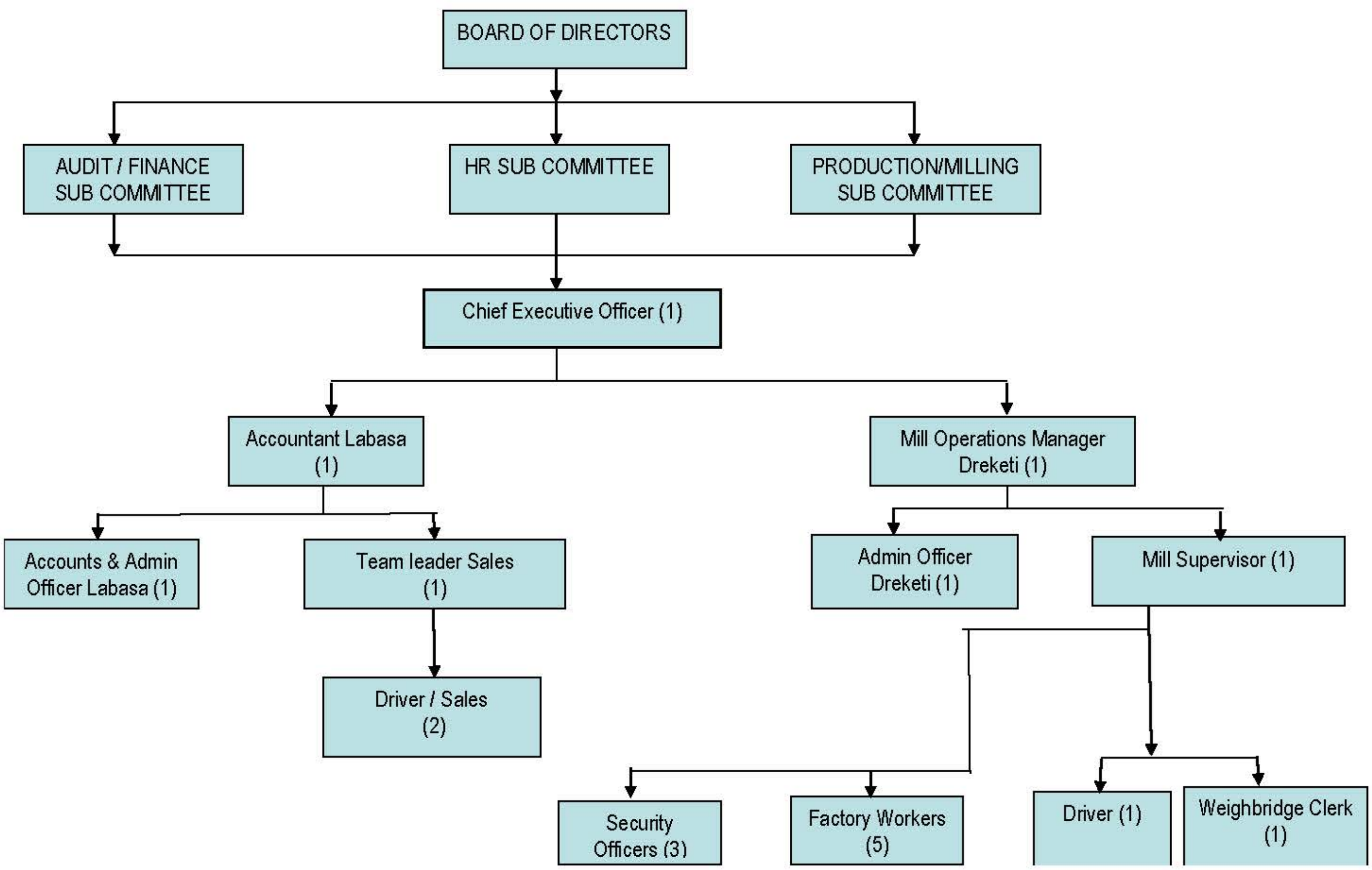
Contract agreement to be formulated between rice farmers, Ministry of Agriculture and Fiji Rice Pte Ltd whereby the Company will provide for land preparation, seeds, agro inputs and harvest while the farmer will manage the crop. The cost will be deducted by the company during harvest.

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. 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 the Board. 2. Zero Tolerance to breaches to policies and processes. 3. Continuous review of 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 the engineering and milling operations with reduction of mill breakdowns to reduce 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 staff 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. 3. Engage Internal auditors for 6 monthly audits. 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 always support the ability of all people to have both physical and economic access to enough safe and nutritious food which meets their dietary needs and food preference for an active and healthy life.	1. Meet the desired expectations of the 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., saltwater intrusion, drainage works & draught problems.

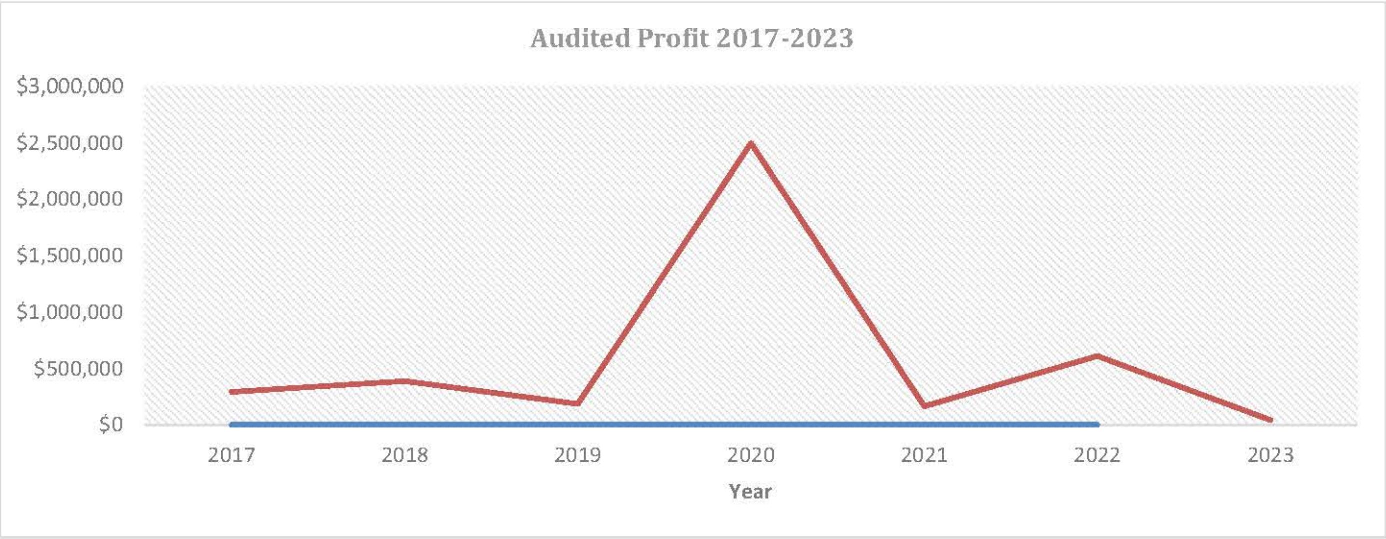
CURRENT ORGANIZATION STRUCTURE



FINANCIAL HIGHLIGHTS

GRAPH 1: AUDITED PROFIT/LOSS AFTER INCOME TAX FROM 2017 – 2023

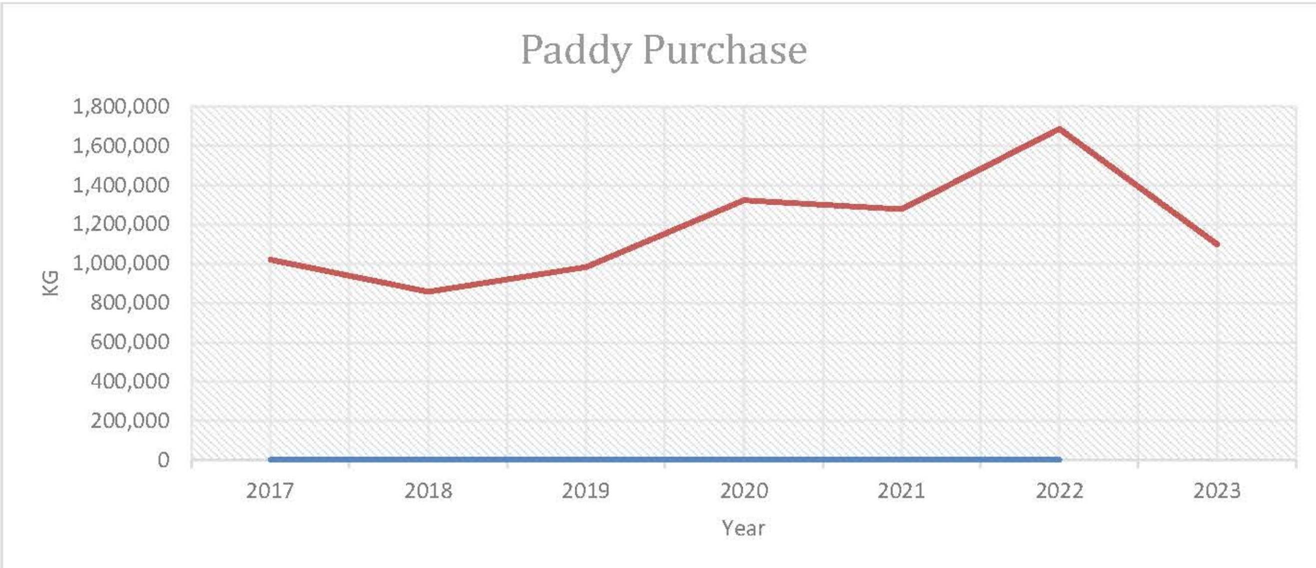
Year	2017	2018	2019	2020	2021	2022	2023
Audited Profit after income tax	$289,377	$386,068	$183,251	$2,493,589	$161,592	$607,273	$42,228



The above graph illustrates the profitability trend from 2017-2023. The audited profit after income tax for the year 2019 declined compared to 2018. This is mainly due to a 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 assets of $2,611,981. The 2022 audited profit after tax increased by $445,682 compared to 2021. This is mainly due to an increase in paddy supply for the financial year 2022, which is fully subsidized by the Government. The audited profit for the financial year ending 31st July 2023 declined due to low paddy supply from farmers and Fiji Rice Pte Ltd partly paid for the paddy supply. The government funded $600 per tonne of paddy supplied while Fiji Rice Limited portion funded $250 per tonne for Grade 1 paddy and $100 per tonne for Grade 2 paddy.

GRAPH 2: FIJI RICE LTD PADDY PURCHASE RECORD FROM 2017-2023

Year	2017	2018	2019	2020	2021	2022	2023
Paddy Purchase (KG)	1,019,650	857,009	982,254	1,322,033	1,276,979	1,685,730	1,098,519



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. The 2022 financial year recorded the highest paddy intake compared to other years while 2023 financial year recorded a paddy intake of 1098 tonnes.

HISTORIC EVENTS

1. **The Minister for Agriculture and Waterways, Hon. Vatimi Rayalu visited Fiji Rice Pte Ltd at Dreketi.**

   Mr Ashrit Pratap, the former Chief Executive Officer, presented the company and its achievements. Mr Pratap said the Rewa Rice Limited has been rebranded to Fiji Rice Pte Limited in March 2017 and its core business is to manufacture brown rice, rice flour and rice pollard and husk as by-products. Fiji Rice Ltd buys Grade 1 paddy at $850/tonne, Grade 2 at $700/tonne and Grade 3 at $600/tonne. Hon. Rayalu acknowledged the hard work of the staff and motivated them to keep expanding and the Government, through the Ministry of Agriculture, will remain committed to helping Fiji Rice Pte Ltd to increase production. He said the Government intends to achieve self-sufficiency in rice production in Fiji.

2. **Fiji Rice hosted Minister for Sugar & Multi Ethnic Affairs Hon. Charan Jeath Singh and also contributed to Fiji's Relief Response to Vanuatu.**
   We are proud to donate $2000 worth of rice.

3. Presidents Awards for Rice Farmers 2022.

FIJI RICE IS THE PRODUCT THAT WE NEED TO SUPPORT - PRESIDENT KATONIVERE
"Our aim when we support rice farmers and the industry is to produce quality rice, supply to competitive markets and sell at a competitive cost to reach the ultimate aim of contributing to most dining tables in our country, in the region and to our suppliers."

This was the message stated by His Excellency the President, Ratu Wiliame Katonivere while officiating at the Presidents Awards for Rice Farmers at the Fiji Football Academy in Labasa on (04.03.23). Farmers, investors and respective stakeholders were recognized for their contributions in ensuring that Fiji's rice industry continues to succeed.

RECIPIENTS OF THE PRESIDENT'S AWARDS FOR RICE FARMERS

- Fiji Development Bank - Woman Farmer of the Year - Ms. Nileshni Devi of Bua
- HFC BANK - Young Farmer of the Year - Mr. Kaushik Dip Rattan of Malawai, Dreketi
- Reserve Bank of Fiji - Best Farmer of the Main Season Supply - Mohammad Nazim Hussain of Bua
- UNCDF - Best Farmer Off Season Supply - Mr. Sukendra Chand of Dreketi
- Unit Trust of Fiji - Highest Paddy Supply of the Year - Mr. Rishi Ram of Lagalaga, Labasa
- Global Machinery Best Farmer of the Year - Mr. Rishi Ram

SPECIAL AWARDS

- Vanua Engineering - Special Award for Lifetime Contribution - Mr. Ram Kewel - President of Laqere Rice Farmers Cooperative
- Fili Rice - Special Award for Upcoming Rice Farmer Vanua Levu - Ms. Meri Daucina of Vunivutu
- Fiji Rice - Special Award for Upcoming Rice Farmer Viti Levu - Mr. Praveen Kumar
- Ezyway Automotive - Special Award for Memorial Recognition - Mr. Arun Deo of Lagalaga Labasa.

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. Ashok Kumar (Deputy Director) – resigned on 21st April 2023.

Mr. Michael Faktaufon (Director) – appointed on 20 December 2021 till 2023

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

Mr. Jimione Buimaiwai – appointed on 17th April 2023

Ms. Virisila Tuimanu – appointed on 17th April 2023

Mr. Atonio Lavekau – appointed on 17th April 2023

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

On behalf of the Board of Directors, I am pleased to present the annual report for the financial year ending July 2023.

Despite the difficulties faced, the efforts of the team have produced good results, and the performance showed marked improvement over the past fiscal years. We made a profit after income tax of $42,228.

I am pleased to relate that Fiji Rice Ltd steadily making new progress. I am delighted to find that our operational capabilities and business performance have greatly improved compared with the past results and our business is gradually aligning with our strategy of focusing on businesses with positive margins. However, these margins are entirely dependent on the production and supply of the paddy and such paddy purchase was subsidized by the Government with above world market price. This influenced and motivated our farmers to produce and supply to Fiji Rice Pte Ltd. We need to do this to reduce the importation of about $63million of rice.

With the implementation of our strategic plan and the development of the talent of the team, we are confident in the continued growth in the years ahead. Our strategy and pillars relate to - Innovation, Process Improvements and Customers, Governance, Internal Control and Policy, Production, Suppliers, Milling, Our People, Finance and Profitability, and Community and Environment. Based on target market, product quality, categories, and business model play an important part. Our target market has immense possibilities with diversification from retail to bulk sale especially to the cane farmers through FSC but again it all goes down to the production where we expect farmers and the Ministry of Agriculture to play very important role. At this juncture, I must thank the past and present Hon. Ministers and Permanent Secretaries for their support and cooperation.

Going forward - we will improve the policy environment, deepen the engagement with farmers and all the stakeholders, and look at the new market locally in the tourism, health, and aviation sectors and the overseas markets. We are also talking to some of the development partners for the milling and by-product strategies. The people play the very important role we have ensured that we look after them with the right remuneration policy framework.

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

I also would like to thank the Government –Ministry of Agriculture, the Ministry of Economy, (now Finance) and Public Enterprise for providing subsidies to the farmers and last but most importantly our farmers who continue to work hard and supply to Fiji Rice. I must also acknowledge the support and guidance of His Excellency, the President for his profound support to the company. Recognizing his contribution Fiji Rice Ltd launched the "President's Rice Farmers' Award" which is an annual event.

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

Thank you for your continued support and commitment.

……………………………………

Mr. Raj Sharma

Chairman Fiji Rice Pte Limited

CHIEF EXECUTIVE OFFICER'S REPORT

I would like to thank the Board of Directors for appointing me to this important position. I'm committed to preserving the principles and goals that set Fiji Rice Pte Ltd. apart as we set out on this journey together and guiding the business toward success and expansion. At the heart of our business operations are the production of premium rice, assistance to regional farmers, and promotion of sustainable methods. To guarantee that we continue to succeed in these areas, my main goals will be to collaborate with the Board, interact closely with our committed farmers, and involve all pertinent stakeholders. It gives me great pleasure to collaborate with the Board in determining Fiji Rice Ltd.'s future course.

Engaging with our existing farmers and getting new ones will be a key priority. Farmers are the heart of our operations, and their success is intrinsically linked to ours. I am committed to understanding their needs, addressing their concerns, and providing the support necessary to help them thrive. By fostering strong relationships with our farming community, we aim to enhance productivity and ensure a sustainable supply chain.

Our engagement with other stakeholders including Government departments, private entities, customers, suppliers, and community partners will be integral to our strategy. We will work diligently to build and maintain these relationships, ensuring that our practices align with their expectations and contribute to the overall well-being of our company and the communities we serve.

Our strategic vision going forward will be cantered on the following:

- ✓ We will always look for methods to improve our operations, from production to distribution, to make sure we can supply the best rice products in an efficient and sustainable manner.
- ✓ A key component of our growth plan will be embracing innovation and looking into untapped markets. Research & development expenditures will be made to launch new goods and investigate untapped markets.

I would like to thank the Board for their confidence and assistance. I am excited to work with our farmers and sincerely appreciate all the farmers' hard work and dedication. Farmers continued support and the stakeholders are essential to our success.

I have no doubt that, with our combined efforts as we start this new chapter, Fiji Rice Ltd. will prosper and reach new heights. I'm dedicated to guiding with honesty, openness, and a common goal of a prosperous future.

I appreciate your unwavering commitment and assistance.

I would like to extend my heartfelt thanks to the Board for their trust and support. To our farmers, your hard work and dedication are deeply valued, and I look forward to collaborating with you. To all our stakeholders, your ongoing support is crucial to our success, and I am excited about the journey we will undertake together.

As we embark on this new chapter, I am confident that with our collective efforts, Fiji Rice Ltd will continue to thrive and achieve new milestones. I am committed to leading with integrity, transparency, and a shared vision for a prosperous future.

Thank you for your continued support and dedication.

Vinaka

Mr. Mukesh Kumar
Chief Executive Officer
Fiji Rice Pte Limited

FIJI RICE PTE LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2023

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits

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

File: 1268

22 April 2024

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 2023

Audited financial statements for Fiji Rice (PTE) Limited for the year ended 31 July 2023 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.

FIJI RICE PTE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

Contents

FIJI RICE PTE LIMITED
DIRECTORS REPORT
FOR THE YEAR ENDED 31 JULY 2023

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 2023, 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. Ashok Kumar	Deputy Chairman - resigned on 21 April 2023
Mr. Michael Faktaufon	Director - resigned on 21 April 2023
Ms. Priyashni Chand	Director - appointed on 20 December 2021
Mr. Jimione Buimaiwai	Director - appointed on 17 April 2023
Ms. Virisila Tuimanu	Director - appointed on 17 April 2023
Mr. Atonio Lavekau	Director - appointed on 17 April 2023

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 $42,228 (2022: operating profit after income tax of $607,273).

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 2023 there is an overall excess of liabilities over assets (deficiency) of $603,834.

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 $6,725,382 of shareholders advance and loan to equity. Continuous government assistance and new sources of revenue may be sought as operating losses have been increasing.

The Government provided $150,000 planting Grant to FRL to support the rice farmers in Planting Rice. Thus, this will boost paddy production. FRL has started with its own planting project 2023-2024 to supplement low paddy production.

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 6th day of April, 2024.

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

Director

Director

FIJI RICE PTE LIMITED
STATEMENT BY THE BOARD OF DIRECTORS
FOR THE YEAR ENDED 31 JULY 2023

In accordance with a resolution of the Board of Directors of Fiji Rice Pte 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 2023;

(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 2023;

(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 2023;

(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 2023;

(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 6th day of April, 2024.

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

Director **Director**

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits

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

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 2023, 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

OFFICE OF THE AUDITOR GENERAL

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INDEPENDENT AUDITOR'S REPORT

Fiji Rice Pte 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 2023, 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 2023, 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 $603,834 (2022: $646,062) as at 31 July 2023.

2. Notes 2(b)(ii) and 17 to the financial statements which notes that the principal components of liabilities are advances from shareholders and subordinate loan amounting to $6,725,382. As set out in Notes 2(b)(ii) and 17, the shareholders have agreed in principle to convert $6,725,382 of shareholders advance to equity. The conversation is yet to be incorporated in the financial statements.

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.

Other information (con't)

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 and Directors.

- 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

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

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 and the Public Enterprises Act 2019 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
22 April 2024

FIJI RICE PTE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2023

	Note	2023 $	2022 $
Operating revenue	5(i)	1,644,675	1,275,100
Cost of goods sold		(1,717,083)	(1,262,510)
Gross (loss)/profit		**(72,408)**	**12,590**
Other revenue	5(ii)	972,498	1,743,118
		900,090	1,755,708
Administrative expenses		(809,748)	(826,401)
Other farm expenses		(27,963)	(174,804)
Profit from operations		**62,379**	**754,503**
Income tax expense	6(i)	(20,151)	(147,230)
Profit after income tax expense		**42,228**	**607,273**
Other comprehensive income		-	-
Total comprehensive income for the year		**42,228**	**607,273**

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

FIJI RICE PTE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2023

	Notes	2023 $	2022 $
CURRENT ASSETS			
Cash on hand and at bank	9	1,825,863	1,593,047
Term deposits	10	2,004,490	2,007,057
Trade and other receivables	7(i)	456,695	379,728
Inventories	8	323,557	751,707
Vat receivable	7(ii)	36,009	-
Income tax receivable	6(iv)	7,348	-
Deferred Tax Asset	6(ii)	28,653	6,107
		4,682,615	**4,737,646**
NON-CURRENT ASSETS			
Property, plant and equipment	12	2,299,673	2,200,198
Intangible assets	13	5,537	4,041
Right of use assets	20(i)	45,730	34,069
		2,350,940	**2,238,308**
TOTAL ASSETS		**7,033,555**	**6,975,954**
CURRENT LIABILITIES			
Trade and other payables	14	347,790	72,097
Vat payable	7(ii)	-	76,239
Deferred tax liability	6(iii)	69,888	27,191
Income tax payable	6(iv)	-	89,621
Rice development revolving fund	15	91,743	91,743
Lease liability	20(ii)	49,288	36,789
Provisions	16	5,459	3,768
Deferred grant liability	11	151,347	120,007
		715,515	**517,455**
NON-CURRENT LIABILITIES			
Borrowings	17	6,725,382	6,725,382
Deferred grant liability	11	196,492	379,179
		6,921,874	**7,104,561**
TOTAL LIABILITIES		**7,637,389**	**7,622,016**
NET (DEFICIENCY) IN ASSETS		**(603,834)**	**(646,062)**
SHAREHOLDERS EQUITY			
Share capital	18	1,506,224	1,506,224
Accumulated losses		(2,110,058)	(2,152,286)
TOTAL SHAREHOLDERS EQUITY		**(603,834)**	**(646,062)**

(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 6th day of April 2024.

Director

Director

FIJI RICE PTE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2023

	Share Capital $	Accumulated Losses $	Total $
Balance at 31st July 2021	1,506,224	(2,759,559)	(1,253,335)
Net profit for the year	-	607,273	607,273
Total comprehensive income for the year	-	-	-
Balance at 31st July 2022	1,506,224	(2,152,286)	(646,062)
Net profit for the year	-	42,228	42,228
Total comprehensive income for the year	-	-	-
Balance at 31st July 2023	1,506,224	(2,110,058)	(603,834)

FIJI RICE PTE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2023

	Note	2023	2022
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and government grants		2,364,099	3,189,991
Payment to suppliers and employees		(1,715,011)	(2,234,379)
Cash generated from operating activities		649,088	955,612
Income taxes and other taxes paid		(89,621)	-
Net cash provided by operating activities		559,467	955,612
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of property plant and equipment		(400,664)	(174,764)
Proceeds from sale of property, plant and equipment		48,440	-
Proceeds from investments (net)		2,567	73,638
Interest received - investments		33,970	59,306
Net cash used in investing activities		(315,687)	(41,820)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability		(10,964)	(11,642)
Net cash used in financing activities		(10,964)	(11,642)
Net increase in cash and cash equivalents		232,816	902,150
Cash and cash equivalents at the beginning of the year		1,593,047	690,897
Cash and Cash Equivalents at the end of the Year	9	**1,825,863**	**1,593,047**

(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 Pte 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 6th April 2024.

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 2023 there is an overall excess of liabilities over assets (deficiency) of $(603,834) (2022: $646,062).

The principal components of liabilities are advances from shareholder and subordinated loan amounting to $6,725,382 (2022: $6,725,382). The shareholders have agreed in principle to convert $4,600,000 shareholders advance to equity.

The Government provided $150,000 planting Grant to FRL to support the rice farmers in Planting Rice. Thus, this will boost paddy production. FRL has started with its own planting project 2023-2024 to supplement low paddy production.

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, interpretations and amendments effective during the year.

The following amendments are effective for the period beginning 1 July 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16; and
- References to Conceptual Framework (Amendments to IFRS 3).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Changes in Accounting Policies (cont'd)

New standards, interpretations and amendments not yet effective.

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 following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The following amendments are effective for the period beginning 1 January 2024:

- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback);
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current); and
- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants).

The company is currently assessing the impact of these new accounting standards and amendments. The company does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities. The company does not expect any other standards issued by the IASB, but not yet effective, 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
Intangible asset	10%

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Inventories

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

g) Revenue Recognition

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) **Leases (cont'd)**

Policy applicable as a lessee (cont'd)

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.

n) **Impairment of Non-Financial Assets**

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o) **Value Added Tax (VAT)**

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

p) **Government Grant**

Government Grant are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be 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 it 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.

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.

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

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

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

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.

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.

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

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

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

Financial assets – Policy applicable before 1 August 2019 (cont'd)

Available-for-sale financial assets (cont'd)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

v. **Offsetting (cont'd)**

a. **Impairment of Financial Instruments (cont'd)**

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

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Financial Instruments (cont'd)

v. Offsetting (cont'd)

a. Impairment of Financial Instruments (cont'd)

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.

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.

3 FINANCIAL RISK MANAGEMENT (continued)

A. Market Risk (cont'd)

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 2023.

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

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

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables from individual customers as at 31 July 2023:

	Weighted - Average Loss Rate (%)	Gross Carrying Amount ($)	Loss Allowance ($)	Credit Impaired ($)
31st July 2023				
Current (not past due)	1.60%	250,100	4,009	No
30 days past due	1.72%	77,259	1,325	Yes
60 days past due	2.65%	71,326	1,888	Yes
More than 90 days past due	3.90%	39,386	1,537	Yes
		438,071	**8,759**	

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.

3 FINANCIAL RISK MANAGEMENT (continued)

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 2023, 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.

5 REVENUE	2023 ($)	2022 ($)
(i) Operating Revenue		
Milled grain	1,644,675	1,275,100
(ii) Other Revenue		
Deferred grant income	151,347	120,007
Paddy grant	698,467	1,299,464
Paddy sales	2,673	63,037
Sundry income	55,061	136,216
Interest income	33,970	59,306
Farm income	-	65,088
Gain on sale of fixed asset	19,279	-
Donation	11,701	-
	972,498	1,743,118

a. Paddy sales of $2,673 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. Gain on sale of fixed asset relates to the sale of tractor and farm implements.
c. Interest income includes the interest earned from term deposit of $1m in Kontiki Finance, $1m in HFC.
d. Paddy grant income of $698,467 is the grant provided by the government of Fiji island to purchase paddy (raw material) from the farmers.
e. Donation of $11,701 includes the sponsorship received for the President Awards function.
f. Deferred grant income of $151,347 is the income realised over the capital Grant Liability.
g. Sundry income of $55,061 includes $54,310 from UNCDF for the PICAP programme.

		2023 ($)	2022 ($)
6	**INCOME TAX**		
(i)	**Income Tax Expense**		
	Operating profit before income tax	55,030	754,503
	Prima facie income tax expense calculated at 25% on the operating profit	13,758	150,901
	Add back permanent difference		
	Tax effect of non-deductible expenses	1,301	(751)
	Tax effect of deductible expenses	-	-
	Tax effect on change in tax rate	5,324	(2,920)
	Over / under provision of current tax and deferred tax in the prior years, net	(232)	-
	Income tax expense	20,151	147,230
(ii)	**Deferred Tax Asset**		
	Opening balance	6,107	-
	Add/Deduct		
	Tax effect of increase in timing differences arising	2,038	6,107
	(Under)/over provision from prior year	-	-
	Recognition/(utilisation) of DTA on tax losses	19,091	-
	Effect of change in tax rate	1,417	-
	Closing balance	28,653	6,107
(iii)	**Deferred Tax Liability**		
	Opening balance	(27,191)	-
	Add/Deduct		
	Tax effect of increase in timing differences arising	(36,189)	(27,191)
	Change in tax rate effect	(6,740)	-
	(Under)/over provision from prior year	232	-
	Closing balance	(69,888)	(27,191)
(iv)	**Income Tax (Refundable)/Payable**		
	Balance at beginning of the year	89,621	(36,525)
	Add: Income tax credit refund	(3,397)	126,146
	Less: Payments	(89,621)	-
	Over provision of income tax	(3,951)	-
	Balance at year-end	(7,348)	89,621

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 compiled with; and

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

	2023 ($)	2022 ($)
7(i) TRADE AND OTHER RECEIVABLES		
Trade receivables	438,070	360,638
Provision for impairment	(8,759)	(6,295)
	429,311	354,343
Other debtors and prepayments	27,384	25,385
	456,695	379,728

The aging analysis of trade receivables is as follows:

	2023 ($)	2022 ($)
Current	250,100	30,339
1 to 3 months	77,259	288,628
Over 3 months	110,711	41,672
	438,070	360,639

The company does not hold any collateral as security.

7(ii) VAT RECEIVABLE

	2023 ($)	2022 ($)
Opening balance	9,211	3,617
Add: Vat refund during the year	39,406	5,594
Closing Balance	48,617	9,211
Less: Vat Payable July 23	(12,608)	(85,450)
Closing Balance year end	36,009	(76,239)

8 INVENTORIES

	2023 ($)	2022 ($)
Raw materials	304,733	682,426
Less Provision for Stock Obsolescence	(20,473)	(20,473)
	284,260	661,953
Finished goods	8,828	65,265
Consumables	30,469	24,489
	323,557	751,707

FRL had a closing stock of raw material (Paddy) of 415,545kg valued at $304,733 at the financial year end.

9 CASH ON HAND AND AT BANK

	2023 ($)	2022 ($)
Cash at bank operating account - HFC Bank	1,478,004	391,789
Cash on hand	300	225
Cash at bank grant account - HFC Bank	258,193	1,130,620
Rice development fund - HFC Bank	88,765	69,752
Dreketi operating account - HFC Bank	601	661
	1,825,863	1,593,047

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 Pte Ltd.

The Rice Development Fund Account is used for the purpose of Rice Projects only.

10 TERM DEPOSITS

FRL holds $2,004,490 in term deposit with the following Banks/Financial Institution:

Bank/Financial Institution	Period	Interest Rate	2023 ($)	2022 ($)
Kontiki Finance	1 year	2.75% - 1.75%	1,004,490	1,007,057
HFC Bank	1 year	1.35% - 1%	1,000,000	1,000,000
			2,004,490	2,007,057

11 DEFERRED GRANT LIABILITY

	2023 ($)	2022 ($)
Opening Balance	499,186	619,193
Less: Recoupment of deferred grant revenue	(151,347)	(120,007)
	347,839	499,186
Classified as follows:		
Current	151,347	120,007
Non-current	196,492	379,179
	347,839	499,186

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 and Freehold Land and Building $	Motor Vehicle $	Furniture Fittings and Equipment $	Mill Machinery and Plant $	Work In Progress $	Total $
Cost						
Balance as at 01 August	1,489,272	1,095,810	45,709	1,110,481	73,853	3,815,125
Additions	309,116	3,800	10,985	74,155	-	398,056
Transfer	73,853	-	-	-	(73,853)	-
Disposal	-	(48,440)	-	-	-	(48,440)
Balance as at 31st July	1,872,241	1,051,170	56,694	1,184,636	-	4,164,741
Accumulated depreciation						
Balance as at 01st August	279,850	828,367	17,353	489,357	-	1,614,927
Depreciation for the year	42,700	177,550	3,866	43,125	-	267,241
Disposal	-	(17,100)	-	-	-	(17,100)
Balance as at 31st July	322,550	988,817	21,219	532,482	-	1,865,068
Net carrying amount						
31st July 2023	1,549,691	62,353	35,475	652,154	-	2,299,673
31st July 2022	1,209,422	267,443	28,356	621,124	73,853	2,200,198

		2023 ($)	2022 ($)
13	**INTANGIBLE ASSETS**		
	Cost - Computer software		
	Balance as at 01 August	8,508	8,508
	Additions	2,608	-
	Disposal	-	-
	Balance as at 31 July	11,116	8,508
	Accumulated amortisation		
	Balance as at 01 August	4,467	3,616
	Amortisation for the year	1,112	851
	Balance as at 31 July	5,579	4,467
	Net carrying amount - 31st July	5,537	4,041

14 TRADE AND OTHER PAYABLES

	2023 ($)	2022 ($)
Trade creditors	72,903	24,371
Accrued expenses	16,825	22,049
Government grant received in advance	258,062	25,677
	347,790	72,097

15 REVOLVING FUND

	2023 ($)	2022 ($)
Rice Development revolving fund	91,743	91,743
	91,743	91,743

The company received funding of $100,000 from the Ministry of Finance for the Rice Development Program where the company will undertake rice farming on idle rice farms for farmers. The famers 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 Finance on a quarterly basis.

16 PROVISIONS

Employee Entitlements

	2023 ($)	2022 ($)
Opening Balance	3,768	6,086
Add: Accruals made in the year	5,459	3,768
Less: Leave utilised in the year	(3,768)	(6,086)
Closing Balance	5,459	3,768

17 BORROWINGS

Non-Current

	2023 ($)	2022 ($)
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 the total borrowings of $6,725,382 to equity.

	2023	2022
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

	2023	2022
Net profit for the year	62,379	754,503
Number of equity shares outstanding (Nos)	753,112	753,112
Basic and diluted earnings per share	0.08	1.00

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

	2023	2022
Balance at 1 August 2022	34,069	45,872
Additions for the year	23,463	-
Depreciation charge for the year	(11,802)	(11,803)
Balance at 31st July 2023	45,730	34,069

(ii) Lease Liabilities

	2023	2022
Balance at 1 August 2022	36,789	48,430
Additions for the year	23,463	-
Payments	(10,964)	(11,641)
Balance at 31st July 2023	49,288	36,789

21 RELATED PARTIES

(a) 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. Ashok Kumar	Deputy Director - resigned on 21 April 2023
Mr. Michael Faktaufon	Director - resigned on 21 April 2023
Ms. Priyashni Chand	Director - appointed on 20 December 2021
Mr. Jimione Buimaiwai	Director - appointed on 17 April 2023
Ms. Virisila Tuimanu	Director - appointed on 17 April 2023
Mr. Atonio Lavekau	Director - appointed on 17 April 2023

Directors fees and other benefits paid for the financial year are as follows:

	2023	2022
Directors Fees	29,598	24,542

(b) 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.

21 RELATED PARTIES (continued)

(c) Amounts receivable/payable to related parties

	2023 ($)	2022 ($)
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

(d) Transactions with related parties

During the year, the Company entered into various transactions with related parties. The aggregate value of major transactions with the related parties during the year is as follows:

	2023 ($)	2022 ($)
Government of Fiji		
Paddy grant revenue	698,467	1,299,464
Government grant received in advance	258,062	25,677
	956,529	1,325,141

(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.

	2023 ($)	2022 ($)
Salary and allowance	128,250	120,000
Contribution to Fiji National Provident Fund	7,695	7,200
	135,945	127,200

22 CAPITAL COMMITMENTS

Capital commitment at balance date amounted to $3,417 relating to the retention amount of the fencing project of the new land (2022: $57,385 relating to the upgrade of the Mill building).

23 CONTINGENT LIABILITIES

Contingent Liabilities at balance date - $NIL.

24 SIGNIFICANT EVENTS

Conversion of Government Loan to Equity

The conversion of Government loan to equity for Fiji Rice Pte 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.

25 SUBSEQUENT EVENTS

The FRL Board during the Board meeting on 3rd February 2024 approved to write off the Silo Paddy variance of 301,331 kg worth $271,198 from the books of accounts.

FIJI RICE PTE LIMITED
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 JULY 2023

	2023 ($)	2022 ($)
Sales	1,644,675	1,275,100
	1,644,675	1,275,100
Less: Cost of Sales		
Opening Stock	751,707	397,750
Cost of Production	1,288,933	1,616,467
Closing Stock	(323,557)	(751,707)
Total Cost of Sales	1,717,083	1,262,510
Gross Profit/(Loss)	(72,408)	12,590
Gross Loss/Profit %	-4%	1%
Administrative Expenses	(809,748)	(826,401)
Other Expenses	(27,963)	(174,804)
Trading Losses	(910,119)	(988,615)
Add: Other Income	972,498	1,743,118
Operating Profit Before Income Tax	**62,379**	**754,503**

FIJI RICE PTE LIMITED
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 JULY 2023

ADMINISTRATIVE EXPENSES	2023 ($)	2022 ($)
Advertising and promotion	19,135	8,854
Staff amenities - admin	862	1,032
Staff amenities - Dreketi	781	1,001
Business meeting expense	8,303	5,493
Legal and accounting	48,123	51,291
Board meeting expense	5,739	2,155
Provisional tax	1,402	1,292
Fumigation and cleaning	372	368
Depreciation on right use of assets	11,802	11,803
Board travelling expenses	4,393	2,097
Insurance	63,192	90,706
Rent and town rate	2,920	15,696
FNPF contribution	24,494	19,622
PAYE	7,356	9,672
Stationery	4,405	1,235
Annual leave	1,691	(2,318)
Salaries	109,352	132,321
Telephone/fax/internet	7,135	7,303
Director's fee	29,598	24,542
Travelling and accommodation	1,389	2,862
Staff entertainment	1,468	1,118
Water rates	2,653	1,195
Levy - FNU	3,421	3,651
Electricity	1,896	3,850
Depreciation and amortisation expense	268,353	252,227
Computer software	214	250
Fire extinguisher services	671	229
Interest charge on lease liability	3,156	2,479
Sales and delivery expenses	97,438	84,534
Wages - Labasa	40,889	41,341
Dreketi supplies	-	303
Office expenses	308	8,883
Fuel and oil motor vehicle	1,507	9,004
Repairs and maintenance and motor vehicle expense	9,080	13,141
Wheel tax	-	2,907
Bank charges	(2,697)	7,249
Fringe benefit expense	1,052	1,452
Donation	5,203	-
Doubtful debts	2,464	5,561
Other expense	5,720	-
Loss on sale of fixed asset	2,180	-
President Rice Farmers Award	12,328	-
Total Expenses	**809,748**	**826,401**

Fiji RiCE LTD

Healthy Pleasant to the Taste