Yatu Lau Company Limited

ANNUAL REPORT 2019

Indigenous Resources – Our Land. Our People. Our Future

YATU LAU COMPANY LIMITED *was founded by the late Turaga Tui Lau and Tui Nayau Ratu Sir Kamisese Kapawai Tuimacilai Mara in 1972 as an investment vehicle solely for Lauans. From humble beginnings, it has grown into a very strong and successful provincial property company in Fiji with over 863 shareholders.*

Vision

To be the leading, respected and trusted Investment of Choice.

Mission

We aim to provide unique and sustainable investment opportunities to the satisfaction of our shareholders, customers and other stakeholders and effectively provide value to communities we serve.

Values

- Our core values are defined by our firm belief in the divine precepts of our Lord Jesus Christ. They define our attitude and approach in our daily business and in our interactions with our customers, stakeholders and importantly our shareholders.
- Integrity and honesty.
- Yatu Lau will operate its businesses in an honest and ethical manner.
- Accountability.
- We will report and disclose information transparently and comply fully with relevant regulations and laws.
- Innovation.
- We will continuously review processes and products/ services to meet the ever changing customer needs.
- Customer service excellence.
- We strive for excellence in providing quality and cost effective services to our customers so that they continue to enjoy doing business with us.
- Transparency.
- We will ensure that good governance and principles are strictly observed in our daily business and we are transparent in our dealings.

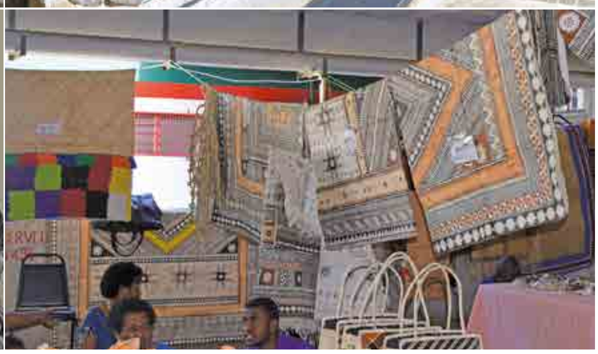
TABLE OF CONTENTS

Financial Performance Summary

	2019	2018	2017	2016	2015	2014	2013	2012
Operating Revenue	$6,022,909	$5,944,484	$5,890,368	$5,749,316	$5,682,913	$5,264,456	$5,401,221	$5,238,930
EBIT	$2,884,731	$1,945,880	$4,780,400	$5,453,097	$4,561,387	$5,612,561	$6,532,808	$1,103,372
EBITDA	$3,073,481	$2,125,112	$4,935,578	$5,611,899	$4,805,394	$5,815,318	$6,800,035	$1,428,689
Net Earnings	$1,468,388	$1,069,494	$2,640,771	$2,024,675	$3,217,114	$5,910,095	$4,172,062	$937,437
Earnings Per Share	$0.16	$0.12	$0.36	$0.35	$0.45	$0.88	$0.59	$0.13
Return on Equity	3%	3%	13%	16%	14%	23%	18%	6%
Total Assets	$68,575,206	$63,271,554	$64,983,499	$60,521,151	$56,497,024	$52,765,563	$48,205,031	$44,495,074
Return on Assets	2%	2%	7%	9%	8%	11%	14%	2%
Current Ratio	0.48	0.33	0.82	0.23	0.25	1.29	0.41	0.72
Total Debt to Total Equity Ratio	55%	61%	70%	76%	77%	81%	108%	135%
Interest Cover	2.95	2.25	5.46	5.90	4.49	4.63	5.05	1.84
Net Cash flow from Operating Activities	$1,011,167	$(42,111)	$1,189,831	$1,102,438	$805,419	$814,119	$753,353	$(310,123)
Capital Expenditure	$291,904	$313,608	$503,682	$350,425	$253,982	$300,589	$373,462	$236,662
Net Tangible Asset Per Share	$7.38	$6.79	$4.38	$4.83	$4.49	$4.12	$3.28	$2.68
Price Earnings Ratio	$6.26	$8.59	$5.25	$5.48	$4.21	$2.26	$3.20	$14.33
Dividend Per Share	$-	$-	$-	$0.02	$0.07	$0.03	$0.10	$0.10

Top 30 Shareholders - 2019

	Shareholders as at 31/12/2019	No. of Shares	
		Class A	Class B
1	Fiji National Provident Fund		2,721,886
2	Aequi Libria Associates Insurance Brokers Limited		777,830
3	Lau Provincial Council	662,782	
4	Cicia Plantation Coop Society	653,331	
5	Vanuabalavu Vision Limited	289,521	
6	Lawedua Trust Company Limited	145,187	
7	Moce Tikina	144,057	
8	Lakeba Tikina	135,933	
9	Matuku Tikina	130,644	
10	Ono-I-Lau Tikina	124,621	
11	Ratu Sir KKT Mara Scholarship Fund	115,500	
12	Oneata Island Holdings Limited	85,285	
13	Yavusa Tonga Holdings Company Limited	73,182	
14	Solo Hire Services Limited	61,600	
15	Moala Tikina	56,285	
16	Nayau Tikina	46,775	
17	Santa & Vidya Wati Ram		45,810
18	Kirit Patel		45,810
19	Manubhai Prabhudas Patel		45,810
20	Jimaima Tamacala	44,904	
21	Lomaloma Tikina	42,149	
22	Dravuwalu Holdings Company Limited	40,987	
23	Ono-I-Lau Soqosoqo Vakamarama	35,862	
24	Brian & Kiri Richmond	35,147	
25	Adi Koila Mara Nailatikau	35,084	
26	Waciwaci Development Enterprise Company Limited	34,747	
27	Ketei Holdings Company Limited	34,650	
28	Vanuanawa Shipping Limited	31,966	
29	Yaroi Village	31,221	
30	Solanki Super Fund		28,875
	TOTAL	**3,091,420**	**3,666,021**



The Chairperson's Report

Adi Koila Mara Nailatikau

Dear Valued Shareholders,

On behalf of the Board of Directors I am pleased to present to you Yatu Lau Company Limited's Annual Report for the financial year ended 31st December 2019.

Profitable Year

2019 was an eventful year for the Company as we delivered strong results through improved operational execution and decisive actions. Net profit for the year totaled $1,465,638 in comparison to 2018 of $1,066,744. This represented an increase of 37% whilst net operating profit was $1,175,611 (2018: $616,215) an increase of 91%.

Company Restructure

October 2019 saw the departure of our Chief Executive Officer Mr. Alipate Naiorosui whose contribution to the Company is greatly appreciated.

This position has been advertised twice this year and we hope to soon welcome someone who is a multifaceted and resourceful individual. Until the appointment to this crucial position is finalized we will continue to uphold transparent corporate governance ethics and open communication with our shareholders.

Vacancies and Smaller Business

We have identified what we need to fortify moving forward and a huge part of this will be short and long term maintenance as well as implementing a consistent maintenance top/down approach to protect the value of our properties to in turn protect the investments of all our shareholders and stakeholders.

Assessments have been made and we have identified vacant spaces within our properties that have not been leased out due to their dire need of maintenance.

Despite that obstacle we have been transparent with this issue and advertised accordingly with the requisite that any potential applicants must come on board as a team player to undertake these at their own cost with the incentive of long-term rent subsidies after approval of individual plans by the management and Board.

With key individuals coming on board to assist in this way, we will be able to remain focused on our core business and truly service our smaller businesses and long term tenants in our two larger properties being the Yatu Lau Arcade and the Arts Village Pacific Harbour who have been fundamental players in our Company's success over the years.

With a strong Property Portfolio that has been the backbone of the Company for the last decade we plan to eventually dedicate a team solely to our properties to ensure consistency and fluidity for our tenants and ourselves.

The Chairperson's Report (cont'd)

Sailing Forward

Towards the end of 2019 Yatu Lau has felt the domino effect of the world economy rapidly changing. Risk management policies and strategies that we have in place assisted greatly with keeping us afloat and sailing forward. Teamed with the dedication of all staff and management we managed to keep a tight ship.

However it is evident that we will need to review these strategies to ensure our business and property ventures remain sustainable and that we are able to adapt successfully come what may.

Being a Vanua based Public Company we value that our kinship ties spread as far as our oceans do and appreciate that our digital platform has enabled us to become accessible and transparent to all our shareholders and stakeholders during this economic downturn and adjusting to this is something we will also be emphasizing and utilizing in the near future.

Teamed with the existential threat of climate change being a constant unwavering threat on our islands, our Tourism sector must become resilient with a focus on heritage, traditional and environmentally friendly practices for the benefit of all stakeholders.

The principles of a Green Economy will be our guide for developing this and we are excited to create something enduring that 'meets the needs and aspirations of the present without compromising the ability of future generations to meet their own needs.'

To end, our people from all our staff on the ground, our tenants, all our stakeholders and shareholders are our greatest assets. Even though 2020 will be a challenging year with our dynamic team, I know that we will overcome all obstacles and report a much stronger, healthier and sustainable performance in years to come.

Acknowledgments

I wish to thank all our shareholders and stakeholders for your continued support and contribution which is invaluable to us.

To my fellow colleagues on the Board of Yatu Lau Company Limited for their instrumental counsel in the time we have served together.

Equally a huge vinaka vakalevu to the management & staff who have pressed on this year with steadfast dedication.

Last but not least with God & the Vanua at the helm of everything we do and constantly seeking Gods guidance during our meetings we thank the Lord for all that we have survived and achieved through a challenging year.

Operational Highlights

Strategic Plan

At the outset of the year, the Board and Management mapped out a 3-5 year plan to ensure that the strategic needs of shareholders and stakeholders are the subject of ongoing priority and performance reporting. The following highlights are the result of this living framework in its first year in action.

Profitability

The Yatu Lau Company Limited (YLCL) recorded a net operating profit (without fair value) of $1,175,611 for 2019 in comparison to $616,215 in 2018. This represented an increase of $559,396. Total net operating profit after tax increased by $398,894 from $1,066,744 in 2018 to $1,465,638.

91% Net Operating Profit

37% Net Profit after Tax

$6.0M	$480,971	$68.2M
Revenue Growth	Expenditure Reduction	Total Assets
An Increase of 1%	A decrease of 8%	Strong asset base

Revenue Growth

The total revenue achieved for the year was $6,022,909 in comparison to $5,944,484 in 2018. This represented an increase of $78,425.

Expenditure

It was pleasing to note that the total expenses for the group decreased by $480,971 from $5,328,269 in 2018 to $4,847,298 in 2019. A considerable reduction in property maintenance, hotel operating and administration expenses is outlined further in the financial statement.

Group Assets

The total group assets increased by $5,303,652 from $63,511,090 in 2018 to $68,814,742 in 2019. The total liabilities for the year also increased by $4,955,983, $44,401,493 in 2019 compared to $39,445,510 in 2018.

Interest Bearing Borrowings

The total interest bearing debt of the Company for the year is $15,052,270 in comparison to $14,922,616 in 2018, an increase of $129,654. This was due to an increase in the interest payment only from October – December of 2019.

Strategic Core Business

The Company's primary core business is currently focused on two main revenue streams:

Rental Income and Hotel Revenue.

Rental Income
214 Tenancies
10 Properties
$3.1M Portfolio Value

Hotel Revenue
4 Hotels
Accommodation
Conference Hire
Cultural Shows and Tours
$2.8M Portfolio Value

Operational Highlights (cont'd)

Rental Income

The Customer Service Division is charged with the responsibility to effectively manage the relationships and affairs of all our commercial and residential customers. This includes providing excellent customer service, collection of rental income and the management of lease agreements.

The rental income increased by $115,592 from $2,991,913 in 2018 to $3,107,505 in 2019. This was largely due to the successful review of rental rates for tenants such as Peace Corporation and various tenants within the Yatu Lau Arcade.

Hotel Operations

The accommodation revenue for the Company is comprised of the Studio 6 Apartments in Suva, two key Pacific Harbour properties which are the Arts Village and the gracious 23 room Lagoon Resort and the Kontiki Hotel in Nadi. Key highlights of the year include:

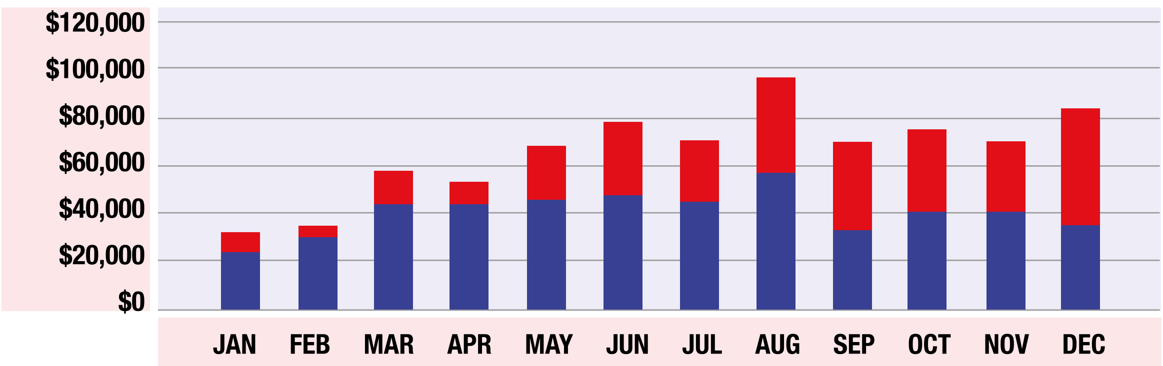
• Renewed long term rental for Australian Pacific Technical College (APTC) students at Studio 6 Apartments.

• International coverage with movie/tv film scenes shot at the Arts Village and Lagoon Resort.

• Yatu Lau beachfront has become a popular local and tourist picnic spot for those close to Suva.

• Renovated Tiki Bar re-opening at the Arts Village which is the highest earner of revenue for the Arts Village.

TIKI POOL BAR 2018-2019



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2018	$8,80	$4,88	$14,2	$19,6	$22,4	$30,4	$25,2	$8,80	$39,7	$33,9	$39,0	$48,1
2019	$24,2	$31,0	$43,5	$33,0	$45,6	$47,5	$44,8	$56,5	$33,0	$40,6	$30,7	$35,1

There was however a decrease in hotel revenue of $75,277 from $2,943,177 in 2018 to $2,867,900 in 2019. A number of factors which unfortunately were out of our control contributed to this which included a significant reduction in the number of cruise ships to the Arts Village. From 39 cruise ships in 2018 to 29 in 2019.

Property Management

The approach taken by the Property Management team for the year was more analytical as all works were funded without any Bank funding. Priority Capital works were carefully planned and carried out in a timely manner. The majority of the cost of repairs and maintenance of shops, office spaces and residential units were carried out by the tenants and this reflects the decrease in expense compared to 2018.

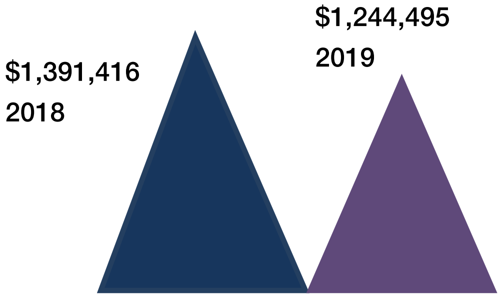
An in – house team of 9 employees carry out the normal regular maintenance works together with minor refurbishments on all properties. The Company has a list of preferred suppliers who are called when their services are required.

Operational Highlights (cont'd)

Human Resource and Administration

From January 2019 total staff numbers for the Company was 107, as at 31st December 2019 the total staff numbers decreased to 94. There was a reduction of 13 employees.

HR Cost Savings of $146,921



This cost savings was achieved through strict monitoring of overtime work. Careful planning and scheduling of staff was implemented to avoid unnecessary wastage of resources and in turn provided a more efficient workforce.

During the year training and refresher courses were undertaken in the following areas:

	Type of Training	Date of Training	No. Participants
1	NFA Training Fire Safety Warden Training	2/2/2019	20
2	7 Habits of Highly Effective People Franklin Covey	20/6/2019	20
3	Project Management for Unofficial Project Managers	19/9/2019	1
4	Fundamental Excel Training	12/10/2019	20

Information Technology

A considerable amount of time and effort has been invested in software assessment and testing to ensure necessary automation projects that are currently taking form take a rewarding and productive path.

The Fiji Revenue Customs Service (FRCS) has recently implemented its VAT Monitoring System which is required for all our operation centres. To ensure compliance we have tested more than 10 software applications by engaging with credible local and overseas developers and vendors. This included fully integrated financial systems and Point of Sale systems.

The assessment and testing that has been conducted in 2019 has paved the way for the current automation project which is underway as we have proceeded to move our Information technology infrastructure on the cloud platform and is the basis for implementing current and future projects.

The growing impact of 'digital' systems on all aspects of business from strategy to operations is driving change in our organisational behavior. It goes beyond the 'traditional' IT model, hence, it is important to adapt to evolving technology such as the cloud infrastructure.

We are proud to state that more than 60% of the IT infrastructure is on cloud using hosted platforms with the remainder provisioned to migrate.

By staying upbeat with technological trends and through constant necessary upgrades we have increased our mobility while still able to collaborate with the desired output.

The Board Of Directors

Adi Koila Mara Nailatikau
Chairperson

Isireli Mokunitulevu
Deputy Chairman

Jeke Pai
Director

Jiu Daunivalu
Director

Watisoni Nata
Director

Aisea Taoka
Director

Dr. Esther Williams
Director

Parayame Cakacaka
Director

Corporate Governance

The Corporate Governance Charter of the Yatu Lau Company Limited (YLCL) lays down the principles on which the Board, its Directors and its Committees operate. It is also guided by the Company's Articles of Association and our internal regulations.

Eight Fundamental Principles of YLCL Corporate Governance

1. Belief: The Board upholds and acknowledges the sovereignty of the Lord Jesus Christ in its governance and business practices.

2. Leadership: an effective Board leads and steers the Company to meet its business purpose in the short and long term.

3. Capability: An appropriate mix of skills, experience and independence enables its members to discharge their duties and responsibilities effectively.

4. Accountability: the Board communicates to the Company's shareholders and stakeholders, at regular intervals, a fair, balanced, and understandable statement of how the Company is achieving its business purpose and meeting its responsibilities.

5. Integrity: the Company conducts its business in a fair and transparent manner that can withstand scrutiny by shareholders.

6. Sustainability: The Board guides the business to create value and allocate it fairly and sustainably to reinvestment and distributions to shareholders, Directors, employees and customers.

7. Transparency: The Board is open and willing to provide clear information to shareholders and other stakeholders.

8.Risk governance: The Board is responsible for risk governance and ensures that the company develops and executes a comprehensive and robust system of risk management. The Board should ensure the maintenance of a sound internal control system.

The Role of the Board

The Board is collectively responsible for the long term success of the Company and are accountable to the shareholders and other stakeholders for the efficient operation of the Company.

Directors

The names of the Directors at any time during the financial year and up to the date of this report are:

Adi Koila Nailatikau Chairperson
Isireli Mokunitulevu Deputy Chairperson
Jiu Daunivalu (re-elected 18th June 2019)
Aisea Taoka (retired on 18th June 2019)
Dr Esther Batiri Williams
Jeke Pai (elected on 18th June 2019)
Watisoni Nata (elected on 18th June 2019)
Parayame Cakacaka

Corporate Governance (cont'd)

Board Subcommittees

The Board has appointed two subcommittees to cover specific operations: 1) Finance Audit and Investment subcommittee and 2) Human Resources Subcommittee. The Board performs a detailed analysis of the various parts of the Business through the subcommittees and receives reports from the Chief Executive Officer and Management highlighting matters requiring the Board's further attention or noting.

Joint Finance Audit & Investment and Human Resources Subcommittee

In accordance with the YLCL Articles of Association (Section 80.1) the Board may delegate any of its powers to a Committee of Directors. The existing Committees are: (1) Board Finance, Audit and Investment and (2) Board Human Resources.

In the absence of the Chief Executive Officer position becoming vacant in October 2019, the Company has continued to successfully operate under this arrangement.

Directors Meeting Attendance Summary

The table below sets out the number of Board and subcommittee meetings held during the year and the number attended by each Director post their Appointment date.

	Board of Directors		**Finance Audit & Investment Subcommittee**		**Human Resources Subcommittee**		**Joint FAISC & HR**	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Adi Koila Nailatikau	9	8	4	4	3	3	2	2
Isireli Mokunitulevu	9	9	n/a	n/a	3	2	2	2
Jiu Daunivalu	9	8	4	3	3	2	2	2
Dr Esther Williams	9	8	4	4	3	2	2	2
Jeke Pai	5	5	4	2	n/a	n/a	n/a	n/a
Parayame Cakacaka	9	9	4	4	3	3	2	2
Watisoni Nata	5	5	n/a	n/a	n/a	n/a	n/a	n/a
Aisea Taoka	4	4	n/a	n/a	n/a	n/a	n/a	n/a

Contents

In accordance with a resolution of the Board of Directors, the Directors herewith submit the consolidated statement of financial position of Yatu Lau Company Limited (the Company) and the subsidiary Company (collectively the Group) as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date and report as follows:

Directors

The names of the Directors at any time during the financial year and up to the date of this report are:

Adi Koila Nailatikau - Chairperson
Aisea Taoka (retired on 18th June 2019)
Esther Batiri Williams
Jeke Pai (elected on 18th June 2019)
Jiu Daunivalu (re-elected on 18th June 2019)
Isireli Mokunitulevu - Deputy Chairperson
Parayame Cakacaka
Watesoni Nata (elected on 18th June 2019)

Principal activities

The principal activities of the Company during the year were that of owners and administrators of properties, hotel operations and equity investments. The principal activities of the subsidiary Company during the year were of equity investments and property development. The subsidiary Company did not operate during the year. There were no significant changes in these activities during the year.

Results

Operating profit

The consolidated operating profit was $1,175,611 (2018: $616,215). The operating profit for the holding Company for the year was $1,178,361 (2018: $618,965).

Net Profit after tax and Unrealised Revaluation Gain

The consolidated net profit after income tax and revaluation gain for the year was $1,465,638 (2018: $1,066,744) after providing for income tax expense and unrealised valuation gain of $439,288 (2018: $10,638) and $729,315 (2018: $461,167) respectively.

The net profit after income tax for the holding Company for the year was $1,468,388 (2018: $1,069,494) after providing for income tax expense and unrealised valuation gain of $439,288 (2018: $10,638) and $729,315 (2018: $461,167) respectively.

Dividends

The Directors proposed that no dividend be paid for the year (2018: Nil).

Reserves

The Directors recommend that no transfer be made to reserves.

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 payments of liabilities in the normal course of business.

Bad and doubtful debts

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

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

Non-current assets

Prior to the completion of the financial statements of the Company and the Group, the Directors took reasonable steps to ascertain whether any non-current assets were unlikely to be realised in the ordinary course of business compared to their values as recorded in the accounting records of the Company and the Group. Where necessary these assets have been written down or adequate allowance 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 and the Group's financial statements misleading.

Unusual transactions

In the opinion of the Directors, the results of the operations of the Company and the Group during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report any item, transaction or event of a material unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company or the Group in the current financial year, other than those reflected in the financial statements.

Events subsequent to balance date

Subsequent to end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020.

We have seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of this report however they are having an impact on our earnings, cash flow and financial condition.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. This being the case we note that the value of certain assets and liabilities recorded in the statement of financial position determined by reference to fair or market values at 31 December 2019 may have materially changed by the date of this report. These include the valuation of properties.

The financial statements have been prepared based upon conditions existing at 31 December 2019 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of COVID-19 occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19.

Apart from the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company and the Group, the results of those operations, or the state of affairs of the Company and the Group in future financial years.

Other circumstances

As at the date of this report:

i. no charge on the assets of the Company and the Group 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 and the Group could become liable; and

iii. no contingent liabilities or other liabilities of the Company and the Group have become or are 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 and the Group's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

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 and the Group 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.

Auditor independence

The directors have obtained an independence declaration from the Company's auditor, Ernst & Young. A copy of the auditor's independence declaration is set out in the Auditor's Independence Declaration to the Directors of Yatu Lau Company Limited on page 22.

Signed for and on behalf of the Board of Directors and in accordance with a resolution of the Directors.

Dated this 30th day of June 2020.

Koila M Nailatikau

Adi Koila Mara Nailatikau
Chairperson

YATU LAU COMPANY LIMITED and Subsidiary
Directors' Declaration
For The Year Ended 31 December 2019

This Directors' declaration is required by the Companies Act 2015.

The Directors of the Company have made a resolution that declared:

(a) In the Directors' opinion, the financial statements and notes of the Company and subsidiary for the financial year ended 31 December 2019:

(i) give a true and fair view of the financial position of the Company and the subsidiary as at 31 December 2019 and of the performance of the Company and the subsidiary for the year ended 31 December 2019; and

(ii) have been made out in accordance with the Companies Act 2015.

(b) they have received declarations as required by section 395 of the Companies Act 2015.

(c) at the date of this declaration, in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed for and on behalf of the Board of Directors and in accordance with a resolution of the Directors.

Dated this 30th day of June 2020.

Koila M Nailatikau

Adi Koila Mara Nailatikau
Chairperson

Building a better
working world

Pacific House
Level 7
1 Butt Street Suva Fiji
PO Box 1359 Suva Fiji

Tel: +679 331 4166
Fax: +679 330 0612
ey.com

Auditor's Independence Declaration to the Directors of Yatu Lau Company Limited

As lead auditor for the audit of Yatu Lau Company Limited for the financial year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

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

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

This declaration is in respect of Yatu Lau Company Limited and the entities it controlled during the financial year.

Ernst & Young
Chartered Accountants

Sikeli Tuinamuana
Partner
Suva, Fiji

Date: 30 June 2020.

Building a better working world

Pacific House
Level 7
1 Butt Street Suva Fiji
PO Box 1359 Suva Fiji

Tel: +679 331 4166
Fax: +679 330 0612
ey.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Yatu Lau Company Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Yatu Lau Company Limited (the Company), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group 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 our audit of the consolidated financial statements in Fiji and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 26 in the consolidated financial statements, which indicates that the Company recorded a net profit of $1,468,388 (2018: $1,069,494) and the Group also recorded a net profit of $1,465,638 (2018: $1,066,744) during the year ended 31 December 2019 and, as of that date, the Company's current liabilities exceeded its current assets by $668,827 and the Group by $784,129. As stated in Note 26, these event or conditions, along with other matters as set forth in Note 26, indicate that a material uncertainty exists that may cast significant doubt of the Company's and Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter: Subsequent Events - Impact of the Coronavirus (COVID-19) Outbreak

We draw attention to Note 24 of the financial statements which notes the World Health Organisation's declaration of the outbreak of COVID-19 as a global pandemic subsequent to 31 December 2019 and how this has been considered by the Directors in the preparation of the financial statements. As set out in Note 24, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19. Our opinion is not modified in respect of this matter.

Responsibilities of the management and Directors for the Consolidated Financial Statements

The management and Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and the Companies Act 2015, and for such internal control as the management and Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management and Directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

The management and Directors are responsible for overseeing the Group's financial reporting process.

Building a better working world

INDEPENDENT AUDITOR'S REPORT *continued*

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 our 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 and 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

- Conclude on the appropriateness of the management's and Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

We 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 we identify during our audit.

We also provide the management and Directors with a statement that we 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 our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT *continued*

Report on Other Legal and Regulatory Requirements

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

a) we 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.

Ernst & Young
Chartered Accountants

Sikeli Tuinamuana
Partner
Suva, Fiji

Date: 30 June 2020.

YATU LAU COMPANY LIMITED and Subsidiary
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For The Year Ended 31 December 2019

	Notes	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Revenue					
Rental income	2(a)	3,107,505	2,991,913	3,107,505	2,991,913
Hotel revenue	2(b)	2,867,900	2,943,177	2,867,900	2,943,177
		5,975,405	5,935,090	5,975,405	5,935,090
Other revenue					
Interest income	3(b)	230	250	230	250
Other income		47,274	9,144	47,274	9,144
Total revenue		6,022,909	5,944,484	6,022,909	5,944,484
Expenses					
Property maintenance expenses	3(a)	(780,140)	(939,383)	(780,140)	(939,383)
Hotel operating expense	3(a)	(2,301,487)	(2,448,084)	(2,301,487)	2,448,084)
Administration expenses	3(a)	(788,616)	(1,075,054)	(785,866)	(1,072,304)
Finance costs	3(c)	(977,055)	(865,748)	(977,055)	(865,748)
Total expense		(4,847,298)	(5,328,269)	(4,844,548)	(5,325,519)
Profit from operations		**1,175,611**	**616,215**	**1,178,361**	**618,965**
Change in fair value of investment properties	9	729,315	461,167	729,315	461,167
Profit before income tax		**1,904,926**	**1,077,382**	**1,907,676**	**1,080,132**
Income tax expense	4	(439,288)	(10,638)	(439,288)	(10,638)
Net profit for the year		**1,465,638**	**1,066,744**	**1,468,388**	**1,069,494**
Other comprehensive income					
Revaluation of land and buildings	25	4,362,931	97,715	4,362,931	97,715
Income tax effect	4	(872,586)	(19,543)	(872,586)	(19,543)
Total comprehensive income, net of tax		**4,955,983**	**1,144,916**	**4,958,733**	**1,147,666**
Attributable to:					
Equity holders of the company		4,955,983	1,144,916		
Earnings per share					
Basic and diluted earnings per share - cents	16	53.94	12.46		
Dividends per share - cents		-	-		

The accompanying notes form an integral part of this consolidated Statement of Profit or Loss and other Comprehensive Income.

YATU LAU COMPANY LIMITED and Subsidiary
Consolidated Statement Of Changes In Equity
For The Year Ended 31 December 2019

		Group		Company	
	Notes	2019 $	2018 $	2019 $	2018 $
Share capital					
At 1 January		9,188,353	8,734,858	9,188,353	8,734,858
Movement during the year		-	453,495	-	453,495
At 31 December	15	9,188,353	9,188,353	9,188,353	9,188,353
Capital reserve					
At 1 January		396,635	396,635	396,635	396,635
At 31 December		396,635	396,635	396,635	396,635
Investment revaluation reserve					
At 1 January		32,964	32,964	-	-
At 31 December		32,964	32,964	-	-
Asset revaluation reserve					
At 1 January		4,779,004	4,700,832	4,779,004	4,700,832
Movement during the year		3,490,345	78,172	3,490,345	78,172
At 31 December	25	8,269,349	4,779,004	8,269,349	4,779,004
Retained earnings					
At 1 January		25,048,554	24,373,550	24,911,105	24,233,351
Operating profit after income tax		1,465,638	1,066,744	1,468,388	1,069,494
Bonus share issue		-	(391,740)	-	(391,740)
At 31 December		26,514,192	25,048,554	26,379,493	24,911,105
		44,401,493	**39,445,510**	**44,233,830**	**39,275,097**

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

YATU LAU COMPANY LIMITED and Subsidiary
Consolidated Statement Of Financial Position
As At 31 December 2019

		Group		Company	
	Notes	2019 $	2018 $	2019 $	2018 $
Assets					
Current assets					
Cash and cash equivalents	5	86,444	156,979	86,444	156,979
Trade and other receivables	6	285,806	317,890	285,806	317,890
Other assets	7	169,322	180,641	212,751	224,070
Inventories	8	22,790	39,550	22,790	39,550
		564,362	695,060	607,791	738,489
Non-current assets					
Investment properties	9	47,405,960	46,449,418	47,405,960	46,449,418
Financial assets	10(a)	282,965	282,965	-	-
Property, plant and equipment	11	20,385,534	15,920,433	20,385,534	15,920,433
Deferred tax assets	4	175,921	163,214	175,921	163,214
		68,250,380	62,816,030	67,967,415	62,533,065
Total assets		**68,814,742**	**63,511,090**	**68,575,206**	**63,271,554**
Current liabilities					
Trade and other payables	12	861,975	1,120,857	790,102	1,051,734
Interest bearing borrowings	13	351,781	1,044,006	351,781	1,044,006
Employee benefit liability	14	28,978	47,964	28,978	47,964
Income tax liability		105,757	116,693	105,757	116,693
		1,348,491	2,329,520	1,276,618	2,260,397
Non-current liabilities					
Trade and other payables	12	325,443	301,555	325,443	301,555
Interest bearing borrowings	13	15,052,270	14,922,616	15,052,270	14,922,616
Deferred tax liability	4	7,687,045	6,511,889	7,687,045	6,511,889
		23,064,758	21,736,060	23,064,758	21,736,060
Total liabilities		**24,413,249**	**24,065,580**	**24,341,376**	**23,996,457**
Net assets		**44,401,493**	**39,445,510**	**44,233,830**	**39,275,097**
Shareholders' equity					
Share capital	15	9,188,353	9,188,353	9,188,353	9,188,353
Capital reserve		396,635	396,635	396,635	396,635
Investment revaluation reserve		32,964	32,964	-	-
Asset revaluation reserve	25	8,269,349	4,779,004	8,269,349	4,779,004
Retained earnings		26,514,192	25,048,554	26,379,493	24,911,105
Total shareholders' equity		**44,401,493**	**39,445,510**	**44,233,830**	**39,275,097**

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

YATU LAU COMPANY LIMITED and Subsidiary
Consolidated Statement Of Cash Flows
For The Year Ended 31 December 2019

	Note	Group		Company	
		2019 $	2018 $	2019 $	2018 $
Operating Activities					
Receipts from tenants and customers		5,969,234	6,349,509	5,969,234	6,349,509
Payments to suppliers and employees		(3,821,865)	(5,306,486)	(3,821,865)	(5,306,486)
Cash generated from operations		2,147,369	1,043,023	2,147,369	1,043,023
Interest received		230	250	230	250
Income tax paid		(159,377)	(219,636)	(159,377)	(219,636)
Interest paid		(977,055)	(865,748)	(977,055)	(865,748)
Net cash provided by/(used in) operating activities		**1,011,167**	**(42,111)**	**1,011,167**	**(42,111)**
Investing Activities					
Payments for property, plant and equipment		(291,904)	(313,608)	(291,904)	(313,608)
Payments for investment properties		(227,227)	(174,283)	(227,227)	(174,283)
Proceeds from sale of investment property		-	2,000,000	-	2,000,000
Net cash (used in)/ provided by Investing Activities		**(519,131)**	**1,512,109**	**(519,131)**	**1,512,109**
Financing Activities					
Repayment of borrowings		(656,797)	(1,089,727)	(656,797)	(1,089,727)
Net cash flow used in financing Activities		**(656,797)**	**(1,089,727)**	**(656,797)**	**(1,089,727)**
Net (decrease)/increase in cash and cash equivalents		**(164,761)**	**380,271**	**(164,761)**	**380,271**
Cash and cash equivalents/ (overdraft) at 1 January		156,979	(223,292)	156,979	(223,292)
(Overdraft) Cash and cash equivalents at 31 December	5	**(7,782)**	**156,979**	**(7,782)**	**156,979**

The accompanying notes form an integral part of this consolidated Statement of Cash Flows.

1.1 Corporate Information

The consolidated financial statements of Yatu Lau Company Limited (the Company) and its subsidiary (collectively the Group) for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Directors on 30th June 2020. Yatu Lau Company Limited is a limited liability public company incorporated under the Fiji Companies Act, 2015 and domiciled in Fiji. Its principal activities, registered office and principal place of business are disclosed in Notes 27 and 28.

1.2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with the current financial year amounts and other disclosures.

1.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of Yatu Lau Company Limited and its subsidiary Yatu Lau Property Development Limited as at 31 December 2019.

Subsidiary

The subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiary is prepared for the same reporting period as the parent Company, using consistent accounting policies. All intra-Group balances, income and expenses and unrealized gains and losses resulting from intra-Group transactions are eliminated in full.

Associates

Associates are all entities which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associates are accounted for using the equity method of accounting for consolidation purposes.

The Group's share of its associates' post acquisition profits or losses is recognised in the statement of profit or loss and other comprehensive income.

The requirements of IAS 28 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in its associates. When necessary, the entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment.

1.4 Changes in accounting policies and disclosures

The Group applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Group is the lessor.

Based on the Group's assessment, there is no impact from IFRS 16 in the statement of financial position as at 1 January 2019 and 31 December 2019 and no impact in the financial statements for the year ended 31 December 2018 as the standard is not applicable since the Group holds no leases.

1.5 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements include:

- an amendment to IFRS 3 Business Combination on the definition of a business; and
- amendments to IAS 1 and IAS 8 in the definition of "material" to ensure the definition is aligned across the standards.

The Group intends to adopt these amendments when they become effective. The amendments will not have any material impact on the Group.

1.6 Significant accounting judgments, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Estimations and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at balance date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

Impairment losses on receivables

Impairment of account receivable balances is assessed at an individual level. All debtors in the 90+ days category are generally considered impaired and provided for on a specific basis after a detailed review of individual account balances. Receivables considered uncollectable are written off in the year in which they are identified.

Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss and other comprehensive income. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2019. A valuation methodology based on observable and not observable market data and observable internal financial data is used to estimate the fair value of investment properties.

The Directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of investment properties.

Fair value of equity investments

Management uses judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance date. Given that the entities subject to these investments are primarily the subsidiary of the holding Company or associate of the holding Company or subsidiary Company, the fair value of the equity instruments is estimated to be the value in use of these entities. Investments in associated entities are accounted using the equity method of accounting in the Group's financial statements.

1.6 Significant accounting judgments, estimates and assumptions (continued)

Deferred tax liabilities

Deferred tax liability is recognised on taxable temporary differences over accounting and tax carrying amounts in respect of the Group's fixed assets and is measured at the tax rates that are expected to apply in the period in which the liability is expected to be settled. Management's decision in recording its deferred tax liability requires significant judgment and estimates of future tax rates and future tax payables. Accordingly, subsequent events may result in outcomes that may be different from judgments and estimates applied.

1.7 Summary of significant accounting policies

(a) Financial instruments

i) Recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group 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 measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group 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.

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.

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

Financial assets: Business model assessment

The Group 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. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

1.7 Summary of significant accounting policies continued

a) Financial instruments (continued)

ii) Classification and measurement (continued)

Financial assets: Business model assessment (continued)

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and demonstrate why those sales do not reflect a change in the Group's business model.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets

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 Group 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 Group 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 Group'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: Subsequent measurement and gains and loss

Financial assets that are measured at amortised costs 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.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified 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 and loss. Any gains or loss on derecognition is also recognised in profit or loss.

1.7 Summary of significant accounting policies (continued)

a) Financial instruments (continued)

iii) Derecognition

Financial assets

The Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

Financial liabilities

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

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

iv) Offsetting

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

b) Impairment

i) Non-derivative financial assets

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

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- other receivables and cash at bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

1.7 Summary of significant accounting policies (continued)

b) Impairment (continued)

i) Non-derivative financial assets (continued)

The Group considers another receivable or cash balance to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Group considers this to be Aaa3 or a higher rating per Moody's.

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 Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flow due to the entity in accordance with the contract and the cash flows that the Entity expects to receive).

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

At each reporting date, the Entity 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.

Credit-impaired financial assets

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 90 days past due;
- the restructuring of a loan or advance by the Entity on terms that the Entity would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; and
- 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 assets.

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 Group 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 Group's procedures for recovery of amounts due.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and the loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

1.7 Summary of significant accounting policies (continued)

b) Impairment (continued)

i) Non-derivative financial assets (continued)

Write-off (continued)

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise and indications that a debtor will enter bankruptcy.

The Group considers evidence of impairment for receivables at a specific asset level.

In assessing impairment the Group uses historical information of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss with respect to a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

ii) Non - financial assets

The carrying amounts of the Group's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

(c) Functional and presentation currency

These financial statements are presented in Fiji dollars (FJD), which is the Group's functional currency. Except as indicated, financial information presented in FJD has been rounded to the nearest dollar.

(d) Foreign currencies

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance date. All differences are taken to the statement of profit or loss and other comprehensive income. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates when the fair value is determined.

1.7 Summary of significant accounting policies (continued)

(e) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the term of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

(f) Property, plant and equipment

Land and buildings held for use in the production or supply of goods and services are stated at fair value, less any subsequent accumulated depreciation and subsequent impairment losses. Revaluation are performed by external independent valuers with sufficient regularity that the carrying amounts do not differ materially from those that would be determined using fair value at the end of each reporting year.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Any revaluation increase arising on the revaluation of such land and buildings is credited as other comprehensive income in the statement of profit or loss and other comprehensive income and recorded as revaluation reserve in shareholders' equity. Decreases that off-set previous increases of the same asset are charged against other comprehensive income and revaluation reserves in the equity; all other decreases are charged as expense in the statement of profit or loss and other comprehensive income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings.

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment, excluding freehold land. Depreciation is calculated on a straight line basis over the useful life of the asset as follows:

Building on freehold land	50 years
Furniture, fittings and equipment	5 - 8 years
Motor vehicles	5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss and other comprehensive income in the year the asset is derecognised. The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

1.7 Summary of significant accounting policies (continued)

g) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss and other comprehensive income.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences:

Deferred income tax

– where the deferred income tax liability arises from goodwill amortisation or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that it is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss and other comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes related to the same taxable entity and the same taxation authority.

Value Added Tax

Revenue, expenses and assets are recognised net of the amount of Value Added Tax (VAT) except:

– where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the acquisition of the asset or as part of the expense item as applicable; and

– receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

1.7 Summary of significant accounting policies (continued)

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and net of outstanding bank overdraft. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above. Bank overdrafts are included in borrowings in current liabilities in the Statement of Financial Position.

(i) Inventories

Inventories includes consumables and merchandise stocks. Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in-first-out principle. The cost of the inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of the business, less the estimated cost of completion and selling expenses.

(j) Investment property

Investment properties principally comprising freehold land, leasehold land and buildings held to earn rentals and/or for capital appreciation are measured initially at cost, including transaction cost. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss and other comprehensive income in the year in which they arise.

(k) Non-current asset held for sale

Non-current assets and disposal Groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal Groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal Group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In the consolidated statement of profit or loss and other comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of profit or loss and other comprehensive income.

Property, plant and equipment once classified as held for sale are not depreciated or amortised.

(l) Trade receivables

Trade receivables are carried at original invoice amount less allowance made for impairment of these receivables. An allowance for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired. Impairment assessment at a collective level is based on past experience and data in relation to actual write-offs.

When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statement of profit or loss and other comprehensive income.

1.7 Summary of significant accounting policies (continued)

(m) Trade and other payables

Liabilities for trade payables 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. Amounts payable that have been denominated in foreign currencies have been translated to local currency using the rates of exchange ruling at the end of the financial year.

(n) Employee entitlements

Wages, salaries and sick leave

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are accrued up to the reporting date. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates prevailing at that time.

Annual leave

Provisions made in respect of employee benefits expected to be settled within 12 months of the reporting date are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Defined contribution plans

Contribution to Fiji National Provident Fund or other superannuation plans are expensed when incurred.

Bonus plans

The Group pays bonuses to employees based on performance of the Group and achievement of individual objectives by the employees. The Group recognises a provision when contractually obliged or where there is a past practice, subject to performance evaluation.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when reimbursement is virtually certain. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(p) Dividend distribution

Dividend declared but not distributed is recognised as a liability in the Group's financial statements in the period in which the dividends are proposed or declared by the Company's Directors.

Dividends paid during the year are subject to the provisions of the Fiji Income Tax Act and Income Tax (Dividend) Regulations 2016.

(q) Leases

Group as lessor

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

1.7 Summary of significant accounting policies (continued)

(r) Comparative figures

Where necessary, comparative information has been re-classified to achieve consistency in disclosure with current financial year amounts.

(s) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

The Group princip ally generates revenue from the sale of the Group's products and is stated net of Value Added Tax, Service Turnover Tax and Environmental & Climate Adaptation Levy.

(t) Earnings per share

Basic earnings per share

Basic earnings per share (EPS) is determined by dividing net profit after income tax attributable to members of the Company by the weighted average number of ordinary shares during the year.

Diluted Earnings per share

Diluted EPS is the same as the basic EPS as there are no ordinary shares which are considered dilutive.

Segment information

A business segment is a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products and services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environment.

(a) Industry segment

The Company operates in two business segments which are property rental and hotel industry. Details are disclosed in Note 21.

(b) Geographical segment

The Company operates predominantly in Fiji and has therefore one geographical area for reporting purposes.

		Group		Company	
2	**REVENUE**	**2019**	**2018**	**2019**	**2018**
(a)	Rental income	**$**	**$**	**$**	**$**
	Amy Street	2,025	8,220	2,025	8,220
	Arts Village	149,561	147,260	149,561	147,260
	Beachfront	58,350	67,228	58,350	67,228
	Berry Road	79,971	116,641	79,971	116,641
	Dinem House	555,056	573,056	555,056	573,056
	Lagoon	43,982	43,982	43,982	43,982
	Mead Road	-	12,050	-	12,050
	Total House	89,000	89,000	89,000	89,000
	Waimanu Road	207,000	140,637	207,000	140,637
	Yatu Lau Arcade	1,922,560	1,793,839	1,922,560	1,793,839
		3,107,505	2,991,913	3,107,505	2,991,913
		$	**$**	**$**	**$**
(b)	Hotel revenue				
	Accommodation sales	1,819,025	1,932,881	1,819,025	1,932,881
	Conference sales	266,385	277,915	266,385	277,915
	Food and beverage	466,262	388,791	466,262	388,791
	Shows and tours	215,866	252,132	215,866	252,132
	Miscellaneous	100,362	91,458	100,362	91,458
		2,867,900	2,943,177	2,867,900	2,943,177

3	**EXPENSES**	**$**	**$**	**$**	**$**

Profit before income tax has been determined after charging the following expenses:

(a)	Operating expenses				
	Auditor's remuneration				
	- audit services	18,500	18,500	15,750	15,750
	- other services	7,280	5,355	7,280	5,355
	Accounting services	500	11,087	500	11,087
	Depreciation	188,750	179,232	188,750	179,232
	Directors' fees	42,685	66,240	42,685	66,240
	Directors and officers liability insurance	7,853	7,458	7,853	7,458
	Expected credit loss	82,520	56,941	82,520	56,941
	Fiji National University levy	12,163	13,373	12,163	13,373
	FNPF contributions	117,136	123,279	117,136	123,279
	Fringe benefit tax	1,064	2,112	1,064	2,112
	Insurance	200,693	187,825	200,693	187,825
	Motor vehicle expenses	41,450	40,804	41,450	40,804
	Other expenses	1,458,630	1,755,253	1,458,630	1,755,253
	Penalties	81	161,376	81	161,376
	Postage and stationery	53,752	49,111	53,752	49,111
	Repairs and maintenance	117,119	128,370	117,119	128,370
	Salaries, wages, bonus and allowances	1,244,495	1,391,416	1,244,495	1,391,416
	Security costs	191,666	181,905	191,666	181,905
	Telephone and internet	41,826	42,747	41,826	42,747
	Travelling and accommodation	42,080	40,137	42,080	40,137
		3,870,243	4,462,521	3,867,493	4,459,771

		Group		Company	
		2019 $	2018 $	2019 $	2018 $
3	**EXPENSES (cont'd)**				
(a)	Other expenses is further analysed as				
	Advertising expense	27,809	34,613	27,809	34,613
	Amortisation expense	985	252	985	252
	Annual leave	(17,640)	4,949	(17,640)	4,949
	Bank fees	49,859	105,097	49,859	105,097
	Board meeting expenses	7,710	5,155	7,710	5,155
	Capital gains tax expense	-	270,386	-	270,386
	Cleaning expenses	205,974	186,484	205,974	186,484
	Cost of goods sold:				
	- Arts Village	261,396	182,480	261,396	182,480
	- Kontiki	800	54	800	54
	- Lagoon	74,293	125,057	74,293	125,057
	- Studio 6	15,250	17,016	15,250	17,016
	Commission expense	3,471	3,452	3,471	3,452
	Computer expenses	3,854	4,267	3,854	4,267
	Consultancy fees	21,902	42,081	21,902	42,081
	Donation expense	4,000	-	4,000	-
	Entertainment expense	23,255	18,039	23,255	18,039
	Fire service expense	14,223	18,369	14,223	18,369
	Funeral contribution	5,921	6,966	5,921	6,966
	General expense	11,743	17,908	11,743	17,908
	Hotel expenses	117,834	153,109	117,834	153,109
	Hotel - guest entertainment expense	36,655	38,880	36,655	38,880
	Licence and rates expenses	133,406	120,713	133,406	120,713
	Property related legal fees	-	6,752	-	6,752
	Staff meeting expenses	1,376	762	1,376	762
	Staff safety expense	6,861	3,519	6,861	3,519
	Staff training expense	4,795	2,855	4,795	2,855
	Sub committee meetings	9,011	11,224	9,011	11,224
	Utilities expenses:				
	- Electricity	257,344	251,157	257,344	251,157
	- Gas	9,057	12,723	9,057	12,723
	- Water	111,290	75,459	111,290	75,459
	Valuation expense	20,506	16,000	20,506	16,000
	Waste removal	35,690	19,475	35,690	19,475
		1,458,630	1,755,253	1,458,630	1,755,253
(b)	Finance income				
	Interest income on financial assets	230	250	230	250
(c)	Finance expense				
	Interest on borrowings	977,055	865,748	977,055	865,748

	Group		Company	
4 INCOME TAX EXPENSE	**2019 $**	**2018 $**	**2019 $**	**2018 $**
Operating profit before tax	1,904,926	1,077,382	1,907,676	1,080,132
Prima facie tax there on at 20%	380,985	215,476	381,535	216,026
Non-deductible items	12,493	33,915	11,943	33,365
Under provision from prior year	10,383	4,548	10,383	4,548
Restatement of deferred balances	35,427	(243,301)	35,427	(243,301)
Income tax expense reported in the statement of profit or loss and other comprehensive income	439,288	10,638	439,288	10,638
Deferred tax related to items charged or credited directly to OCI during the year:				
Net gain on revaluation of buildings	872,586	19,543	872,586	19,543
Income tax charged directly to other comprehensive income	872,586	19,543	872,586	19,543
Net deferred liability at 31 December relates to the following:				
Deferred tax assets/(liability)				
Allowance for expected credit loss	170,125	153,621	170,125	153,621
Provision for employee entitlements	5,796	9,593	5,796	9,593
Accelerated depreciation and revaluation	(7,687,045)	(6,511,889)	(7,687,045)	(6,511,889)
	(7,511,124)	(6,348,675)	(7,511,124)	(6,348,675)
Reflected in the consolidated statement of financial position as follows:				
Deferred tax assets	175,921	163,214	175,921	163,214
Deferred tax liability	(7,687,045)	(6,511,889)	(7,687,045)	(6,511,889)
Net deferred tax liability	(7,511,124)	(6,348,675)	(7,511,124)	(6,348,675)

5 CASH AND CASH EQUIVALENTS	**$**	**$**	**$**	**$**
Cash and cash equivalents consist of cash on hand and balances with banks net of bank overdraft.				
Cash on hand	2,300	2,301	2,300	2,301
Cash at bank	84,144	154,678	84,144	154,678
Cash and cash equivalents	86,444	156,979	86,444	156,979

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash above net of bank overdraft.

Cash and cash equivalents	86,444	156,979	86,444	156,979
Bank overdraft	(94,226)	-	(94,226)	-
Total (overdraft)/cash and cash equivalents	(7,782)	156,979	(7,782)	156,979

6 TRADE AND OTHER RECEIVABLES

	Notes	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Current					
Trade receivables		608,267	556,136	608,267	556,136
Less: allowance for expected credit loss		(406,994)	(321,465)	(406,994)	(321,465)
Total trade receivables		201,273	234,671	201,273	234,671
Prepayments		20,032	18,887	20,032	18,887
Deposits		64,332	64,332	64,332	64,332
Other receivable		297,529	297,360	297,529	297,360
Less: allowance for expected credit loss		(297,360)	(297,360)	(297,360)	(297,360)
Total other receivables		84,533	83,219	84,533	83,219
Total trade and other receivables		285,806	317,890	285,806	317,890

Trade receivables principally comprises of amounts outstanding for rental of property and hotel accommodation. Trade receivables are non-interest bearing and are generally settled on 30 day terms.

Movement in the provision for impairment of receivables were as follows:

	$	$	$	$
At 1 January	618,825	578,540	618,825	578,540
Additional provision	85,529	40,285	85,529	40,285
At 31 December	704,354	618,825	704,354	618,825

At 31 December, the ageing analysis of trade receivables is as follows:

Year	Total	Neither past due nor impaired	30 - 60 days	60 - 90 days	>90 days
Group	$	$	$	$	$
2019	201,273	63,451	78,359	20,309	39,154
2018	234,671	142,570	35,413	-	56,688

7 OTHER ASSETS

	Notes	$	$	$	$
Staff advances	(a)	126,974	141,302	126,974	141,302
Less: allowance for expected credit loss		(94,315)	(97,324)	(94,315)	(97,324)
<u>Advances:</u>					
Kabara Tikina Council	(b)	8,289	8,289	8,289	8,289
Innovative Investment	(b)	184,641	184,641	-	-
Lau Shipping Limited	(b)	50,958	50,958	50,958	50,958
Yatu Lau Property	(b)	-	-	135,749	135,749
Oneata Island Holding Ltd	(b)	20,389	20,389	20,389	20,389
Tokalau Shipping Ltd		15,665	15,665	15,665	15,665
<u>Share deposit</u>					
Bua Investments		1,000	1,000	1,000	1,000
Less: allowance for expected credit loss		(144,279)	(144,279)	(51,958)	(51,958)
		169,322	180,641	212,751	224,070

(a) Advances to staff and related parties are unsecured and subject to interest at the rate of 10% per annum.

(b) Advances to associate Company (Innovative Investment Company Limited), subsidiary Company (Yatu Lau Property Development Limited) and shareholder related entities are unsecured, interest free and receivable on demand.

		Notes	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
8	**INVENTORIES**					
	Consumables and merchandise		22,790	39,550	22,790	39,550
9	**INVESTMENT PROPERTIES**		$	$	$	$
	At 1 January		46,449,418	45,813,968	46,449,418	45,813,968
	Additions from capital expenditure		227,227	174,283	227,227	174,283
	Net gain from fair value adjustments		729,315	461,167	729,315	461,167
	At 31 December		47,405,960	46,449,418	47,405,960	46,449,418

The investment properties are stated at fair value based on independent valuations at open market value prepared on May 2020 by registered valuer Rolle Associates. The valuation has been adopted as at 31 December 2019.

Investment properties have been pledged as security to Westpac Banking Corporation for borrowings from those banks.

		Notes	Group 2019	Group 2018	Company 2019	Company 2018
10	**FINANCIAL ASSETS**		$	$	$	$
(a)	*Financial assets*					
	Investments					
	Investment in associates	(i)	432,965	432,965	150,000	150,000
	Less: Provision for impairment		(150,000)	(150,000)	(150,000)	(150,000)
			282,965	282,965	-	-
	Investment in subsidiary					
	Yatu Lau Property Development Limited		-	-	239,327	239,327
	Less: Provision for impairment		-	-	(239,327)	(239,327)
	Total financial assets		282,965	282,965	-	-
	Total financial assets		**282,965**	**282,965**	**-**	**-**

Reconciliation for available-for-sale financial assets for associates companies

	Group 2019	Group 2018	Company 2019	Company 2018
At 1 January	282,965	282,965	-	-
At 31 December	282,965	282,965	-	-

(i) The Company is a legal and beneficial owner of 25% shares in Innovative Investments Limited and Benatil Limited.

(b) *Investment in associate companies*

Company	Place of incorporation	Ordinary shares ($1) 2019 $	Ordinary shares ($1) 2018 $	% Shareholding 2019 $	% Shareholding 2018 $
Innovative Investment Company Limited	Fiji	1	1	25%	25%
Benatil Limited	Fiji	250,000	250,000	25%	25%
		250,001	250,001		

The entities did not trade during the year. As a result, the share of profits/losses was not recorded as the impact is not material.

	Group		Company	
	2019 $	2018 $	2019 $	2018 $
11 PROPERTY, PLANT AND EQUIPMENT				
Freehold land				
Valuation:				
At 1 January	3,545,000	3,545,000	3,545,000	3,545,000
At 31 December	3,545,000	3,545,000	3,545,000	3,545,000
Building				
Valuation:				
At 1 January	11,645,582	11,456,032	11,645,582	11,456,032
Additions	120,526	91,835	120,526	91,835
Revaluation	4,362,931	97,715	4,362,931	97,715
At 31 December	16,129,039	11,645,582	16,129,039	11,645,582
Depreciation and impairment:				
At 1 January	-	-	-	-
At 31 December	-	-	-	-
Net book value	19,674,039	15,190,582	19,674,039	15,190,582
Furniture, fittings and equipment				
Cost:				
At 1 January	2,470,602	2,276,101	2,470,602	2,276,101
Additions	123,121	194,501	123,121	194,501
At 31 December	2,593,723	2,470,602	2,593,723	2,470,602
Depreciation and impairment:				
At 1 January	2,044,455	1,896,299	2,044,455	1,896,299
Depreciation charge for the year	159,021	148,156	159,021	148,156
At 31 December	2,203,476	2,044,455	2,203,476	2,044,455
Net book value	390,247	426,147	390,247	426,147
Motor vehicles				
Cost:				
At 1 January	191,005	191,005	191,005	191,005
At 31 December	191,005	191,005	191,005	191,005
Depreciation and impairment:				
At 1 January	98,244	66,921	98,244	66,921
Depreciation charge for the year	30,713	31,323	30,713	31,323
At 31 December	128,957	98,244	128,957	98,244
Net book value	62,048	92,761	62,048	92,761

	Notes	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
11 PROPERTY, PLANT AND EQUIPMENT (cont'd)					
Work in progress					
At 1 January		210,943	183,424	210,943	183,424
Movement during the year		48,257	27,519	48,257	27,519
At 31 December		259,200	210,943	259,200	210,943
Net book value at 31 December		20,385,534	15,920,433	20,385,534	15,920,433

The Group's land and building are stated at fair value based on independent valuations prepared on May 2020 by registered valuer Rolle Associates. The valuation has been adopted as at 31 December 2019.

Land and building have been pledged as security to Westpac Banking Corporation C1336 for borrowings from the banks.

	Notes	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
12 TRADE AND OTHER PAYABLES					
Current					
Dividends payable	(a)	143,663	144,339	143,663	144,339
Payable to Benatil Limited		47,942	47,942	-	-
Trade payables and accruals	(b)	535,391	605,564	511,460	584,383
Rent received in advance		50,418	72,360	50,418	72,360
Penalties		-	18,440	-	18,440
Environmental levy		18,649	21,325	18,649	21,325
Service Turnover Tax payable		11,635	12,795	11,635	12,795
Value Added Tax payable		54,277	198,092	54,277	198,092
		861,975	1,120,857	790,102	1,051,734
Non-current					
Rental deposits		325,443	301,555	325,443	301,555
Total trade and other payables		1,187,418	1,422,412	1,115,545	1,353,289

(a) Dividends payable include dividends declared for the year 2015 and prior years. Due to liquidity constraints, the Company was not able to payout dividends on a timely basis.

(b) Trade payables are non-interest bearing and normally settled on 30-60 day terms.

	Group		Company	
	2019 $	2018 $	2019 $	2018 $
13 INTEREST BEARING BORROWINGS				
Current				
Bank overdraft	94,226	-	94,226	-
Bank of South Pacific loan	27,084	24,956	27,084	24,956
Westpac Banking Corporation loans	230,471	1,019,050	230,471	1,019,050
	351,781	1,044,006	351,781	1,044,006
Non-current				
Bank of South Pacific loan	57,742	91,646	57,742	91,646
Westpac Banking Corporation loans	14,994,528	14,830,970	14,994,528	14,830,970
	15,052,270	14,922,616	15,052,270	14,922,616
Total interest bearing borrowings	15,404,051	15,966,622	15,404,051	15,966,622

Particulars relating to secured borrowings:

Bank overdraft and bank loans from Westpac Banking Corporation ("WBC Bank"). C1298 is subject to interest at 7.75% per annum. Bank loans is secured by the following:

(i) Registered first fixed and floating charge by Company over all its assets and undertakings including its uncalled but unpaid capital;

(ii) First registered mortgage over the following properties:

– Certificate of title number 6511, over property situated at Berry Road, Suva;

– CL 31116 with improvements thereon, the Dinem Building situated at Amy Street, Suva;

– Certificate of title number 5427, over commercial property situated in 243 Waimanu Road, Suva;

– Certificate of title number 40471, over commercial property known as "Yatu Lau Arcade", situated at Rodwell Road, Suva;

– Certificate of title number 26878 and certificate of title number 28959, being Lot 1, DP 6883, over Kontiki Motel situated at Votualevu, Nadi;

– CL 4396 with improvements thereon, the commercial property situated at Walu Bay;

– Certificate of title number 7185, 11537, 35700 and CL10399, being the Studio Apartments situated at Walu Street, Suva;

– Certificate of title number 24123, being Lot 2, DP 5785, situated at 72-74 Amy Street, Toorak, Suva;

– Certificate of title number 38850 and certificate of title number 38851, over property situated at Pacific Harbour, Deuba, Suva;

– Certificate of title number 39441, (previously CT 37940) over commercial property known as "Arts Village Complex", situated at Pacific Harbour;

– Certificate of title number 9813, over the beach front property situated along Queens Road, Pacific Harbour; and

(iii) Assignment of the Companies rights title and interest in each policy and assignment of its rights title and interest in or all amount payable (including by way of refund of premium) under the policies.

		Group		Company	
14	**EMPLOYEE BENEFIT LIABILITY**	**2019 $**	**2018 $**	**2019 $**	**2018 $**
	Annual leave	28,978	47,964	28,978	47,964

15	**SHARE CAPITAL**	**$**	**$**	**$**	**$**
	Issued and paid up capital				
	4,174,059 A class ordinary shares	5,536,303	5,536,303	5,536,303	5,536,303
	3,652,050 B class ordinary shares	3,652,050	3,652,050	3,652,050	3,652,050
		9,188,353	9,188,353	9,188,353	9,188,353

A class shares are only available for purchase by persons of Lauan descent as prescribed in the Company's Memorandum and Articles of Association. Only A class ordinary shares have voting rights.

B class shares carry no voting rights. Except for voting rights and restrictions described above, class B shares are generally similar to class A shares.

16	**EARNING PER SHARE**	**$**	**$**
	Net profit for the year	4,955,983	1,144,916
	Weighted average number of ordinary shares	9,188,353	9,188,353
	Basic and diluted earnings per shares - cents	53.94	12.46

17	**COMMITMENTS**	**$**	**$**	**$**	**$**
	Capital expenditure				
	- Approved by the Board and committed	-	-	-	-
		-	-	-	-

18 OPERATING LEASES INCOME

The Company has leased its properties under operating leases to various customers on normal commercial terms and conditions on monthly rentals.

Operating leases contracted for by the Company with the leases are expected to be received approximately as follows:

	$	**$**	**$**	**$**
Within one year	3,294,745	3,382,721	3,294,745	3,382,721
Later than one year but less than two years	3,294,745	3,382,721	3,294,745	3,382,721
Later than two years but less than five years	6,589,490	4,436,548	6,589,490	4,436,548
	13,178,980	11,201,990	13,178,980	11,201,990

19 CONTINGENT LIABILITIES

Contingent liabilities at balance date amounted to $Nil (2018: $Nil)

20 INVESTMENT IN SUBSIDIARY

Entity	Place of incorporation	% Owned	Investment original cost	Investment book value
Subsidiary company				
Yatu Lau Property Development Limited	Fiji	100%	276,009	-

21 SEGMENT INFORMATION

(a) Operating segment - group

31 December 2019	Hotel	Property	Unallocated/ Elimination	Consolidated
	$	$	$	$
Revenue				
External sales	2,420,522	3,554,883	-	5,975,405
Fair value gain	-	729,315	-	729,315
Other revenue	-	-	47,274	47,274
	2,420,522	4,284,198	47,274	6,751,994
Results				
Segment result	119,035	3,504,058	47,274	3,670,367
Unallocated expenses	-	-	(788,616)	(788,616)
Profit from operating activities	119,035	3,504,058	(741,342)	2,881,751
Finance costs (net)	-	-	(976,825)	(976,825)
Profit before income tax	119,035	3,504,058	(1,718,167)	1,904,926
Income tax expense	-	-	(439,288)	(439,288)
Net profit	119,035	3,504,058	(2,157,455)	1,465,638

31 December 2018	Hotel	Property	Unallocated/ Elimination	Consolidated
Revenue				
External sales	2,488,414	3,446,676	-	5,935,090
Fair value gain	-	461,167	-	461,167
Other revenue	-	-	9,144	9,144
	2,488,414	3,907,843	9,144	6,405,401
Results				
Segment result	40,330	2,968,460	9,144	3,017,934
Unallocated expenses	-	-	(1,075,054)	(1,075,054)
Profit from operating activities	40,330	2,968,460	(1,065,910)	1,942,880
Finance costs (net)	-	-	(865,498)	(865,498)
Profit before income tax	40,330	2,968,460	(1,931,408)	1,077,382
Income tax expense	-	-	(10,638)	(10,638)
Net profit	40,330	2,968,460	(1,942,046)	1,066,744

Segment assets and liabilities

Assets and liabilities cannot be reasonably allocated between the operating segments. Accordingly, this information has not been disclosed.

22 RELATED PARTY TRANSACTIONS

(a) Directors

The names of persons who were Directors of Yatu Lau Company Limited and its subsidiary at any time during the financial year were as follows:

Adi Koila Nailatikau - Chairperson
Aisea Taoka (retired on 18th June 2019)
Dr Esther Batiri Williams
Jeke Pai (elected on 18th June 2019)
Jiu Daunivalu (re-elected on 18th June 2019)
Isireli Mokunitulevu - Deputy Chairperson
Parayame Cakacaka
Watisoni Nata (elected on 18th June 2019)

(b) Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any director (whether executive or otherwise) of that entity.

During the financial year the following persons were identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling the activities of the Company:

Name	Title
Alipate Naiorosui (till 30th September 2019)	Chief Executive Officer

(c) Ownership interest

The ownership interest in related companies are disclosed in Note 20 and 10(b).

(d) Transactions with related parties

All transactions with related parties are made on normal commercial terms and conditions.

(i) Significant transactions (aggregating over $2,000) with related parties during the years ended 31 December 2019 and 2018 with approximate transaction values are summarised as follows:

Name	Relationship	Nature of transaction	2019 $	2018 $
Lau Provincial Council	Shareholder	Rental income	13,500	13,500

(ii) Dividends were paid to number of entities related to Directors, or entities, tikinas and villages in which Directors hold directorship or other similar positions.

(iii) Amounts receivable from related parties as at 31 December are summarised as follows:

Name	Relationship	$	$
Kabara Tikina Council	Shareholder	8,289	8,289
Yatu Lau Property Development Limited	Subsidiary	135,749	135,749
Lau Shipping Limited	Shareholder	50,958	50,958
Oneata Island Holding Limited	Shareholder	20,389	20,389
		215,385	215,385

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The principal financial liabilities comprises of interest bearing borrowings, trade payables and other accruals. The financial liabilities is the result of the Company's operations. The Company has various financial assets such as trade receivables and cash, which also arise directly from its operations.

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance.

Risk management is carried out by executive management of controlled entities of the Group. Executive management identify, and evaluate financial risks in close co-operation with the Group's operating units. The Board provides direction for overall risk management covering specific areas, such as mitigating credit risks, and investment of excess liquidity.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Foreign exchange risk

The Group does not have significant transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations is minimal.

(ii) Price risk

The Group has substantial investments in properties which are prone to market forces hence is exposed to property value risk.

The Group reviews the value of its equity portfolio and property portfolio on an annual basis.

The Group has substantial fixed term tenancy agreements and is prone to market forces. The Group reviews its rental collection on a monthly basis. Movements in certain rental rates are also influenced by regulation.

(iii) Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at variable interest rates. The Group manages its interest risk by arranging fixed interest rates for the certain years on the borrowed funds from banks.

The risk is monitored and managed by the directors within the approved policy parameters.

The carrying amounts of the Group's financial instruments that are exposed to interest rate risk as at 31 December is summarised below:

	Less than 1 year	2 years and over	Total
31 December 2019	$	$	$
Secured financial liabilities			
Bank overdraft (Note 13)	94,226	-	94,226
Bank loans (Note 13)	257,555	15,052,270	15,309,825
	351,781	15,052,270	15,404,051
31 December 2018			
Financial liabilities			
Bank loans (Note 13)	1,044,006	14,922,616	15,966,622

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Credit risk management

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

The Group does not have any significant credit risk exposure to any single counter party or any Company of counter parties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's minimum exposure to credit risk.

(c) Fair value of financial instruments

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The financial statements include holdings in unlisted associated companies (Note 10). These are valued using the equity method of accounting in accordance with IFRS (IAS 28).

(d) Liquidity risk management

The Group manages liquidity risk by maintaining adequate banking facilities and borrowing facilities by continuously monitoring forecast and actual cash flows.

Maturity profile of financial instruments

The table below analyses the Group's financial assets and financial liabilities into relevant maturity Groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 December 2019	**Less than 1 year**	**Between 1 and 2 years**	**Total**
	$	**$**	**$**
Financial assets:			
Cash and cash equivalents	86,444	-	86,444
Trade and other receivables	285,806	-	285,806
Other assets	169,322	-	169,322
	541,572	-	541,572
Financial liabilities:			
Trade and other payables	861,975	325,443	1,187,418
Bank overdraft	94,226	-	94,226
Interest bearing borrowings	257,555	15,052,270	15,309,825
	1,213,756	15,377,713	16,591,469

31 December 2018	**Less than 1 year**	**Between 1 and 2 years**	**Total**
	$	**$**	**$**
Financial assets:			
Cash and cash equivalents	156,979	-	156,979
Trade and other receivables	317,890	-	317,890
Other assets	180,641	-	180,641
	655,510	-	655,510
Financial liabilities:			
Trade and other payables	1,120,857	301,555	1,422,412
Interest bearing borrowings	1,044,006	14,922,616	15,966,622
	2,164,863	15,224,171	17,389,034

Due to liquidity constraints during recent years, the Company has not been able to settle its trade and other payables within normal credit terms.

The Company has significant investment properties which it can realise to address the liquidity constraints.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Liquidity risk management (cont'd)

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents and short term deposits. Total capital is calculated as 'equity' as shown as the consolidated statement of financial position plus net debt.

	Group	
The gearing ratios at 31 December were as follows:	**2019 $**	**2018 $**
Total borrowings including bank overdraft (Note 13)	15,404,051	15,966,622
Less: Cash and cash equivalents (Note 5)	(86,444)	(156,979)
Net debt	15,317,607	15,809,643
Total equity	44,401,493	39,445,510
Total capital (total equity plus net debt)	59,719,100	55,255,153
Gearing ratio % (net debt/total capital)	26%	29%

25 SUBSEQUENT EVENTS

Subsequent to end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020.

We have seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of this report however they are having an impact on our earnings, cash flow and financial condition.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. This being the case we note that the value of certain assets and liabilities recorded in the statement of financial position determined by reference to fair or market values at 31 December 2019 may have materially changed by the date of this report. These include the valuation of properties.
The financial statements have been prepared based upon conditions existing at 31 December 2019 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of COVID-19 occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19.

Apart from the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company and the Group, the results of those operations, or the state of affairs of the Company and the Group in future financial years.

27 ASSET REVALUATION RESERVE

	Group		Company	
	2019 $	2018 $	2019 $	2018 $
Balance at 1 January	4,779,004	4,700,832	4,779,004	4,700,832
Revaluation reserve surplus	4,362,931	97,715	4,362,931	97,715
Income tax effect (Note 4)	(872,586)	(19,543)	(872,586)	(19,543)
Balance at 31 December	8,269,349	4,779,004	8,269,349	4,779,004

26. GOING CONCERN

At 31 December 2019, the Company recorded a negative working capital of $668,827 (2018: $1,521,908). The Group also recorded a negative working capital of $784,129 (2018: $1,634,460). Accordingly, there is uncertainty as to whether the Group and the Company will be able to continue as a going concern and whether it will be able to pay its debts as they become due and payable, realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the consolidated financial statements. The Directors and management have a plan to reduce the deficiency in the forthcoming year by reducing operating cost, increasing revenue and negotiating payment arrangement with creditors.

27 PRINCIPAL ACTIVITIES

Company

The principal activities of the Company during the year were that of owners and administrators of properties, equity investments, motel and hotel operations and property development and sales.

Subsidiary

The principal activities of the subsidiary entity during the year were of equity investments and property development.

There were no significant changes in the nature of these activities during the financial year.

28 COMPANY DETAILS

Company incorporation
The Company and the subsidiary were incorporated in Fiji under the Companies Act, 2015.

Registered office and principal place of business

The registered office and the principal place of business of the company and subsidiary are located at:

Yatu Lau Arcade
64-78 Rodwell Road
Suva

AUDITORS

Ernst & Young
Pacific House Level 7
Butt Street
Suva

SOLICITORS

Jiaoji Savou Lawyers
91 Howell Road,
Suva

BANKERS

Westpac Banking Corporation
1 Thomson Street, Suva

Australia & New Zealand Banking Group Limited
ANZ House, Suva

Bank of South Pacific
Dominion House, Suva

REGISTERED OFFICE

Yatu Lau Arcade
64-78 Rodwell Road,
Suva
P.O. Box 16455, Suva
Tel: 3305368
Fax: 3312827
E-mail: yatulau@unwired.com.fj