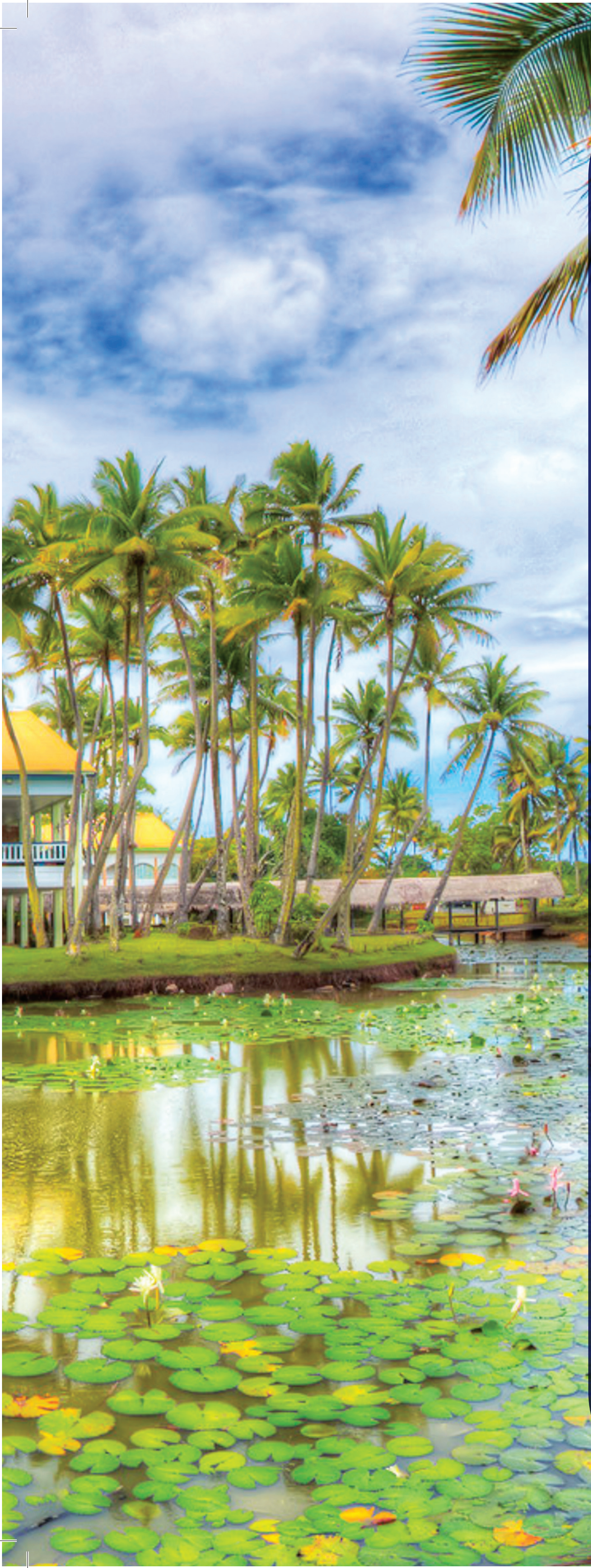
Navigating a new normal through *Growth* and *Profitability*

Yatu Lau Company Limited

2021 ANNUAL REPORT



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 Christian principles and beliefs. 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 ever changing customer needs.

Customer Service Excellence

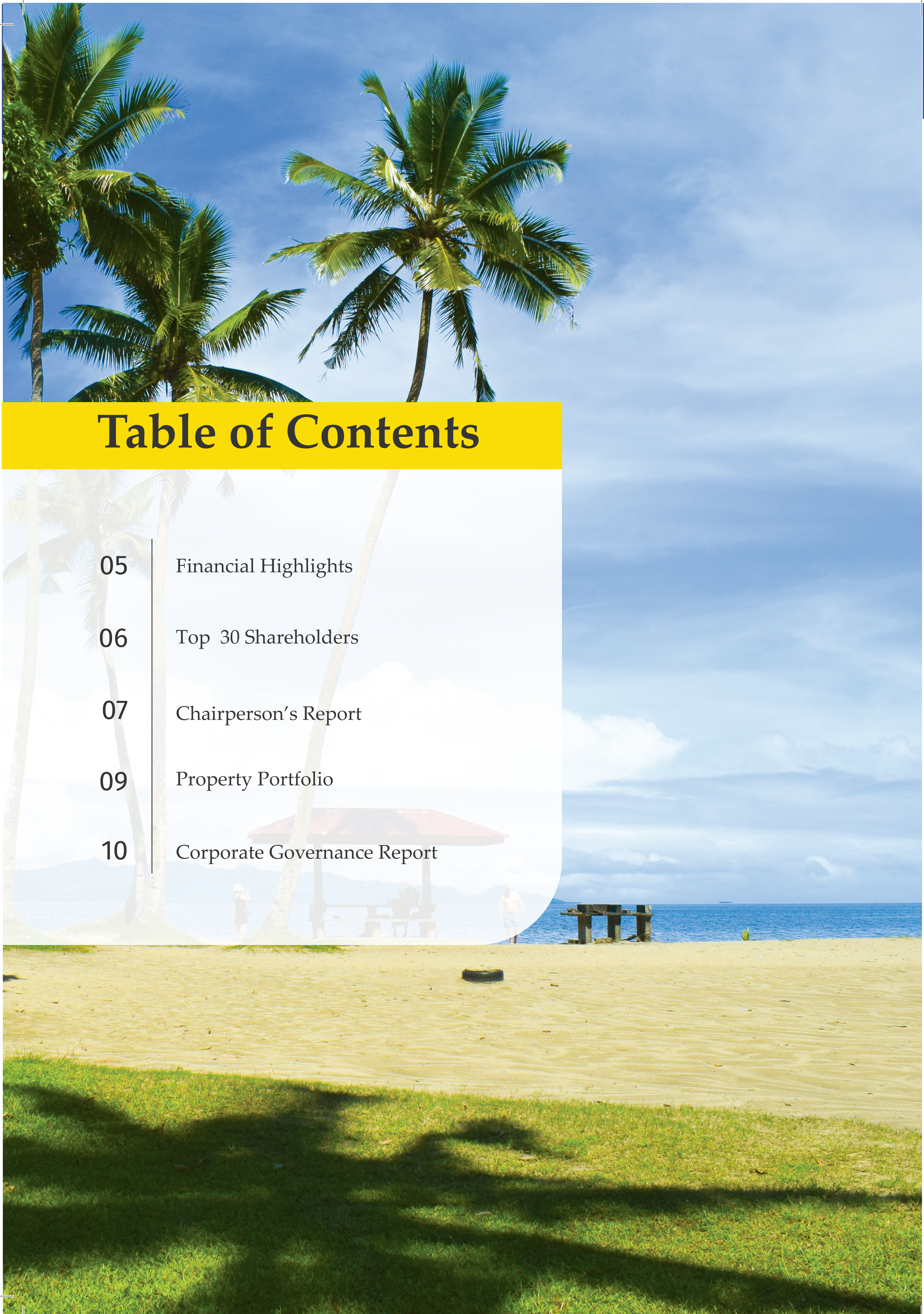
We strive for excellence in providing quality and cost effective services to our customers so that they continue to enjoy doing business with us.

Transparency

We will ensure that good governance principles are strictly observed in our daily business and we are transparent in our dealings.

Teamwork

We will work together as a team at all levels to achieve our common vision promoting inclusiveness and diversity in our work.



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Financial Highlights

	2021	2020	2019	2018	2017	2016
Operating Results						
Operating Revenue	$3,937,882	$4,686,667	$6,022,909	$5,944,484	$5,890,368	$5,749,316
EBIT	$1,653,415	$1,803,417	$2,884,731	$1,945,880	$4,780,400	$5,453,097
EBITDA	$1,866,670	$(178,034)	$3,073,481	$2,125,112	$4,935,578	$5,611,899
Net Earnings	$778,866	$1,165,312	$1,468,388	$1,069,494	$2,640,771	$2,024,675
Shares						
Earnings Per Share	$8.48	$0.13	$0.16	$0.12	$0.36	$0.35
Net Tangible Asset Per Share	$7.29	$7.26	$7.38	$6.79	$4.38	$4.83
Dividend Per Share	$0.006	$-	$-	$-	$0.0001	$0.02
Financial Position Ratios						
Total Debt to Total Equity Ratio	48%	48%	55%	61%	70%	76%
Current Ratio	0.60	0.60	0.48	0.33	0.82	0.23
Interest Cover	1.38	1.51	2.95	2.25	5.46	5.90
Cash Flow						
Net Cash flow from Operating Activities	$906,192	$1,025,901	$1,011,167	$(42,111)	$1,189,831	$1,102,438
Capital Expenditure	$226,564	$156,170	$291,904	$313,608	$503,682	$350,425
Profitability						
Return on Assets	1.14%	1.72%	2.14%	2%	7%	9%
Return on Equity	2%	3%	3%	3%	13%	16%
Total Assets	$68,252,434	$67,894,856	$68,575,206	$63,271,554	$64,983,499	$60,521,151

Top 30 Shareholders

	Shareholders as at 31/12/2021	No. of Shares	
		Class A	Class B
1	Fiji National Provident Fund		2,721,886
2	Aequi Libria Associates Insurance Brokers Limited		780,140
3	Lau Provincial Council	662,782	
4	Cicia Plantation Coop Society	653,331	
5	Vanuabalavu Vision Limited	289,521	
6	Lakeba Tikina	184,186	
7	Lawedua Trust Company Limited	145,187	
8	Moce Tikina	144,057	
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
		3,139,673	3,668,331

Chairperson's Report

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 2021 and I am proud and honoured to say this is also my last one as Chair of the Board.

2021 saw the reopening of Fijis International Borders after about two years. Fiji had not eradicated COVID-19 or any of its variants that ensued, rather Fiji and her people learnt how to manage it and live in this new COVID era.

Growth was slow with the reopening of borders and with the nation still managing COVID cases. The closure of Fiji's borders impacted Fiji's GDP with a re-estimated contraction of 4.1 per cent and over 100,000 people losing their jobs. The adverse impact on tourism, slow economic recovery and the impacts of the second wave of COVID-19 had a series of knock-on effects for the Yatu Lau Company.

We had to unfortunately lay off workers, scale back on hours of the employees and further restructure to ensure that business and the future of our Company remained sustainable and sound.

A lot more hardship was faced with this second wave of COVID-19 bringing Fiji to a standstill when several national restrictions and containment zones were implemented.

All staff movements were frustrated and attempts to carry out general maintenance and repair across all the Company's properties were disrupted and only able to be carried out as and when the curfew and the lockdowns were lifted.

The curfew and lockdown severely affected operations of the Company's eleven properties, four of which were closed - the Yatulau Arcade, the Lagoon Hotel, the Beachfront and the Kontiki Hotel.

However, positive effects and improvements grew in other property divisions with support rentals received from Dinem House, the Peace Corps, Total House Walu Bay and Studio Six Hotel. Management read and learned the demand around COVID-19 for these properties especially around security and maintenance. For Studio 6 particularly, they responded accordingly providing accommodation and services to the Ministry of Health and organized vaccination drives.

Resilience and responsiveness have been two key phrases for the business sector at this time and the support from within our nation of our national consumers cannot be overlooked as they carried the economy until the international tourism sector was able to get back on its feet. Realising what the new demands are with this new era and adjusting our business to deliver accordingly has been fundamental to the Company's survival.

Ensuing that in August, at the invitation of the Board, MMF Consultants [MMF] presented their proposed Scope of work which was acknowledged, as it reflected "the urgent gaps and barriers that have existed within the Company".

MMF Consultants have vast experience with property investment and management across several sectors from tourism, property management and agriculture to name a few.

Acknowledging our unique existence as an iTaukei business that has been around for 50 years now, MMF kindly made an arrangement in support of Indigenous /iTaukei business and in review of the COVID hardships we have faced. The MMF will build capacity for the Company as a whole and their first few steps are as follows.

The scope of works included six phases over a period of 14 weeks which included carrying out a holistic review of the Company's Investment portfolio, its current property asset inventory and assessing the growth potential of the properties for both medium and long-term scenarios.

Further, to review the current organizational structure of the property investment division and comment on the operating procedures and policies. Review financial performance of the various properties, current loan commitments and highlight areas that may require further assessment. Review current repair and maintenance plans plus associated budgets. Review rental levels to keep in line with the market and lease agreements for properties whose yields are below the market rent.

The report was presented by MMF to the Board on Monday 25th, October, 2021. It was indicated that the initial phases 1, 2, 4, and 6 had been completed to satisfaction. The Board then agreed that the MMF carry out the remainder of the Scopes 3, 5, 7, and 11. It was also noted by the Board that it is vital to carry out a demand study for the Arts Village, Lagoon Resort and Yatu Lau Beachfront property of which MMF will provide a Master Plan to map out our way forward.

The strategic direction and long term objectives were also presented which we look forward to your continued support of these much anticipated changes.

In conclusion to a turbulent year, an Awareness Workshop and an Extraordinary General Meeting for Resolutions raised at the 2020 AGM was held to amend the clauses of the Articles of Association of the YLCL. The pursuit of these amendments was unfortunately unsuccessful, as there was no active campaign by the proposers of the resolutions to disseminate information and muster support towards that cause. It is a good reminder that we must be thorough, vigilant and fair in our causes to do what is for the greater good of everyone.

Finally, when the Late Turaga Tui Lau and Tui Nayau, Ratu Sir Kamisese Kapaiwai Tuimacilai Mara founded Yatu Lau Company Limited in 1972 he did so with his Pacific Way vision at the heart of it. The Pacific Way articulates that however much we evolve to meet the demands of a changing world we must always have at our core, one unchanging truth: that there is a Pacific way of doing things that is open to, but different from, the way the Western World does.

For Lau he saw YLCL as a catalyst for Lau to advance but with our core values of culture, tradition, inclusivity, respect, reciprocity and kinship to guide us. We have admittedly fallen short of living to this legacy over the past years due to changing business landscape but YLCL has continued and I am adamant that the company will continue to sail forward in this new world and still overcome storms and challenges.

As I depart as Chair, be assured that I will always be here for the YLCL family and promise to support that the late Tui Lau's vision is realized and continued in the years to come. It has been an honour serving this Board, Company, staff and Shareholders of the YLCL family over these past years.

Vinaka Vaka Levu

K. Nailatikau

Adi Koila Mara Nailatikau
Chairperson

Property Portfolio

	Property	Sector	Principal Tenant
1	Yatu Lau Arcade, 64 Rodwell Road, Suva	Commercial	Various
2	Studio 6 Hotel, Suva	Hotel | Conference | Rental	APTC, Local & Regional customer base
3	Dinem House, Suva	Office	Ministry of Health Headquarters
4	Amy Street Building, Suva	Residential | Commercial	Vacant
5	22 Berry Road, Suva	Residential	Various
6	Rona Street, Suva	Office	Total Fiji
7	Waimanu Road , Suva	Office	Peace Corp
8	Arts Village, Pacific Harbour	Residential | Commercial	Various
9	Lagoon Resort, Pacific Harbour	Hotel | Conference | Rental	Local & Regional customer base
10	Kontiki Hotel, Nadi	Hotel	Local customer base
11	Yatu Lau Beachfront	Leisure	Local, Regional

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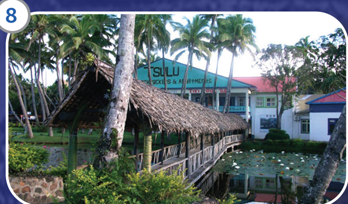

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Corporate Governance Report

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 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.

Board of Directors

Board Composition

Until the Annual General Meeting (AGM) held on 16 December, the Board consisted of Adi Koila Mara Nailatikau, Meli Saubulinayau, Jiu Daunivalu, Akapusi Tuifagalele, Peni Gavidi, Isireli Mokunitulevu and Watisoni Nata. Mr Mokunitulevu declined re-election at the AGM. Mr Noa Dabe Seru was elected as a new Board member. Mr Aisake Taito was appointed as an Additional Director by the Board. On December 19th 2021, the Board appointed Meli Saubulinayau as the new Chairman.

Board Subcommittees

The Board has appointed three subcommittees to cover specific operations: 1) Finance & Investment, 2) Human Resources and 3) Property Rental and Hotels. The Board performs a detailed analysis of the various parts of the Business through the subcommittees and receives reports from the Management highlighting matters requiring the Board's further attention or noting.

Appointment of Managing Director(s)

In accordance with the YLCL Articles of Association (Section 70) and in the absence of a Chief Executive Officer, the Board has appointed one or more suitably qualified Directors with relevant expertise from among themselves to manage the daily operations of the Company. The Board appointed Akapusi Tuifagalele and Jiu Daunivalu to jointly hold the position of Managing Director from January – June 2021. The Board then appointed Meli Saubulinayau and Isireli Mokunitulevu for the remainder of the year.

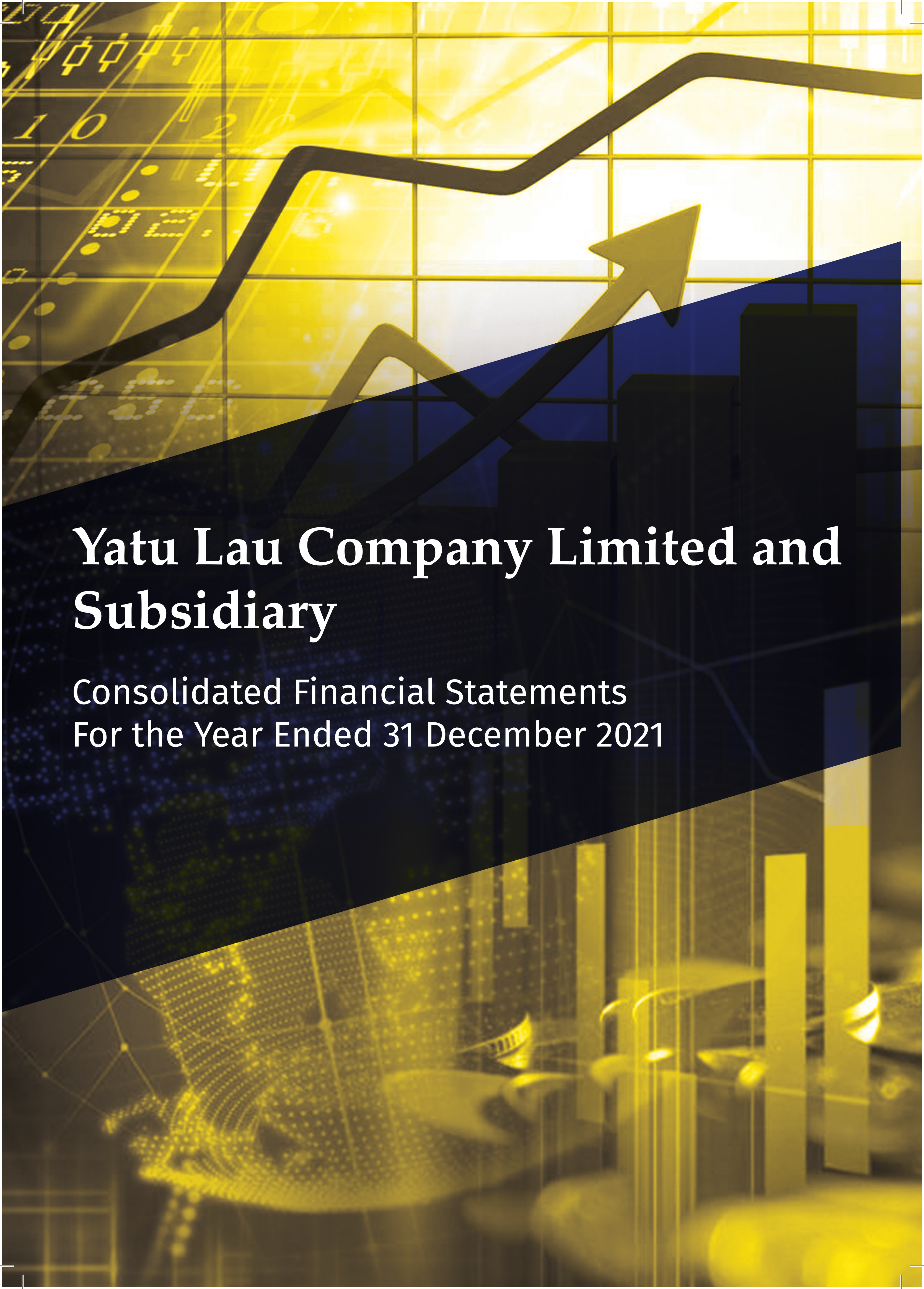
Extraordinary General Meeting

An extraordinary general meeting of the Company was held on 13 December to approve amendments to the Articles of Association. Unfortunately, without a quorum of at least 51% of members, the meeting was dissolved.

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.

Name	Position	Committees	Board Attendance Total Number of Meetings Held: 12	Finance & Investment Subcommittee Attendance Total Number of Meetings held: 15	Property Rental & Hotels Subcommittee Total Number of Meetings Held: 15	Human Resources Subcommittee Attendance Total Number of Meetings Held: 7
Adi Koila Nailatikau	Chairperson	Finance, Properties, HR	100%	86%	86%	71%
Meli Saubulinayau	Deputy Chairperson	Finance, Properties, HR	100%	93%	93%	100%
Jiu Daunivalu	Board Member, Chairperson HR	Finance, Properties, HR	100%	86%	86%	85%
Watisoni Nata	Board Member, Chairperson Finance	Finance, HR	100%	100%	n/a	100%
Isireli Mokunitulevu	Board Member	Finance, HR	100%	93%	n/a	100%
Peni Gavidi	Board Member, Co-Chair Properties	Finance, Properties, HR	100%	100%	100%	100%
Akapusi Tuifagalele	Board Member, Co-Chair Properties	Finance, Properties, HR	100%	93%	93%	100%
Noa Seru	Board Member	n/a	100%	n/a	n/a	n/a
Aisake Taito	Board Member	Properties, HR	100%	n/a	n/a	n/a



Yatu Lau Company Limited and Subsidiary

Consolidated Financial Statements
For the Year Ended 31 December 2021

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YATU LAU COMPANY LIMITED and Subsidiary
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021, 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
Meli Saubulinayau - Deputy Chairperson
Isireli Mokunitulevu (retired 16 December 2021)
Matai Korosaya (Independent Director)
Jiu Daunivalu
Watisoni Nata
Peni Gavidi
Akapusi Tuifagalele
Noa Seru (elected 16 December 2021)
Aisake Taito (Appointment by Board)

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 $716,210 (2020: $670,154). The operating profit for the holding company for the year was $718,210 (2020: $605,544).

Net profit after tax and unrealised revaluation loss

The consolidated net profit after income tax and revaluation gain for the year was $776,866 (2020: $1,229,922) after providing for income tax benefit and unrealised valuation gain of $14,109 (2020: $2,715,682) and $46,547 (2020: unrealised valuation loss of $2,155,914) respectively.

The net profit after income tax for the holding company for the year was $778,866 (2020: $1,165,312) after providing for income tax benefit and unrealised valuation gain of $14,109 (2020: $2,715,682) and $46,547 (2020: unrealised valuation loss of $2,155,914) respectively.

Dividends

On 14 April 2022, the Directors proposed a final dividend of $54,521 for the year (2020: $Nil). A payment of 3% and 4% is expected to be paid in June and December 2022 respectively.

Reserves

The Directors recommend that no transfer be made to reserves.

Going concern

The Directors of the Company and the Group believe that the basis of preparation of the financial statements is appropriate and that the Company and the Group will be able to conduct its normal operations in the next twelve months. At 31 December 2021, the Company recorded an unfavourable working capital position of $543,096 (2020: $615,108) and the Group of $595,788 (2020: $665,800). The Directors and the management have a plan to address this deficiency which includes increasing revenue and managing operational costs.

YATU LAU COMPANY LIMITED and Subsidiary
DIRECTORS' REPORT *continued*
FOR THE YEAR ENDED 31 DECEMBER 2021

Bad debts and allowance for impairment loss

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 making of allowance for impairment loss. In the opinion of the Director, no further allowance for impairment loss is required.

As at the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts or the allowance for impairment loss 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.

Significant events during the year

The coronavirus disease (COVID-19) outbreak has developed rapidly, bringing a significant health impact globally. Measures taken to contain the virus continue to have a significant impact on global markets and economic activity. Fiji is also feeling the impact with business disruption and levels of activity already reducing in several market sectors.

The Company and the Group have remained operational since this declaration and continues to engage in its principal activities. We have not seen a significant impact on our business to date. The Directors and management are carefully considering the impact of the COVID-19 outbreak on the Company and the Group and assessing future operational options. The future financial impacts, however, cannot be reasonably estimated at this time, as they will be largely the product of matters the Company and the Group cannot control.

On 25 April 2021, in response to the COVID-19 pandemic, the Government announced a number of measures including lockdown of certain containment areas within Viti Levu. Under the lockdown restrictions, all nonessential businesses were required to close unless the workplace was deemed part of a permitted industry as set out by the Government. The introduction of these restrictions has not had a material effect on the Company and the Group's financial statements at 31 December 2021.

In July 2021 the Fijian Government ramped up its vaccination drive with a national target of 80 percent of the target population to be fully vaccinated by 31 October 2021. The Government was able to attain 90 percent in November and as a result the current containment measures with restrictions are easing as the fully vaccinated percentage increases. The duration and extent of the pandemic and related financial, social and public health impacts of the COVID-19 pandemic are uncertain.

The Directors and management believe the Company and the Group have sufficient financial resources together with arrangements with their customers and suppliers at this time to be able to successfully manage their business risks despite the current uncertain economic outlook due to the COVID-19 outbreak.

YATU LAU COMPANY LIMITED and Subsidiary
DIRECTORS' REPORT *continued*
FOR THE YEAR ENDED 31 DECEMBER 2021

Events subsequent to balance date

The effects of COVID-19 have manifested in the interval between the end of the financial year and the date of this report, and it is uncertain how significantly the operations of the Company and the Group may be impacted in the subsequent financial year.

No other 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 the 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 and the Group 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 6.

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

Dated this 19th day of May 2022.

K. Nailatikau
....
Adi Koila Nailatikau
Chairperson

YATU LAU COMPANY LIMITED and Subsidiary
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2021

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 the subsidiary for the financial year ended 31 December 2021:

   (i) give a true and fair view of the financial position of the Company and the subsidiary as at 31 December 2021 and of the performance of the Company and the subsidiary for the year ended 31 December 2021; 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 19th day of May 2022.

K. Nailatikau
....
Adi Koila Nailatikau
Chairperson

EY
Building a better working world

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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 2021, 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
Ernst & Young
Chartered Accountants

Sikeli Tuinamuana
Partner
Suva, Fiji

19 May 2022

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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) and its subsidiary, which comprise the consolidated statement of financial position as at 31 December 2021, 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 present fairly in all material respects the consolidated financial position of the Company and the Group as at 31 December 2021, its consolidated financial performance and its consolidated 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 (ISAs). 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 (including International Independence Standards) (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 27 in the consolidated financial statements, which indicates that the Company recorded a net profit of $778,866 (2020: $1,165,312) and the Group also recorded a net profit of $776,866 (2020: $1,229,922) during the year ended 31 December 2021 and, as of that date, the Company's current liabilities exceeded its total assets by $543,096 and the Group by $595,788. As stated in Note 27, these event or conditions, along with other matters as set forth in Note 27, indicate that a material uncertainty exists that may cast significant doubt on the Company's and Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Directors and management are responsible for the other information. The other information comprises the information in the Directors' Report for the year ended 31 December 2021 but does not include the financial statements and the auditor's report thereon.

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

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

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working world

INDEPENDENT AUDITOR'S REPORT *continued*

Responsibilities of management and those charged with governance for the Consolidated Financial Statements

The Directors and management are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as the Directors and management 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 Directors and management 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 Directors and management either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

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

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INDEPENDENT AUDITOR'S REPORT *continued*

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

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

We also provide those charged with governance 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.

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

19 May 2022

YATU LAU COMPANY LIMITED and Subsidiary
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Group		Company	
		2021	2020	2021	2020
		$	$	$	$
Revenue					
Rental income	2(a)	3,025,742	3,354,967	3,025,742	3,354,967
Hotel revenue	2(b)	910,297	1,310,622	910,297	1,310,622
		3,936,039	4,665,589	3,936,039	4,665,589
Other revenue					
Other income		1,843	21,078	1,843	21,078
Total revenue		3,937,882	4,686,667	3,937,882	4,686,667
Property maintenance expenses	3(a)	(639,031)	(677,889)	(639,031)	(677,889)
Hotel operating expense	3(a)	(928,279)	(1,329,587)	(928,279)	(1,329,587)
Administration expenses	3(a)	(719,157)	(811,164)	(717,157)	(875,774)
Finance costs	3(b)	(935,205)	(1,197,873)	(935,205)	(1,197,873)
Total expense		(3,221,672)	(4,016,513)	(3,219,672)	(4,081,123)
Profit from operations		716,210	670,154	718,210	605,544
Change in fair value of investment properties	9	46,547	(2,155,914)	46,547	(2,155,914)
Profit/(loss) before income tax		762,757	(1,485,760)	764,757	(1,550,370)
Income tax benefit	4	14,109	2,715,682	14,109	2,715,682
Net profit for the year		776,866	1,229,922	778,866	1,165,312
Other comprehensive income					
Revaluation of land and buildings	26	3,320	716,613	3,320	716,613
Income tax effect	4	(664)	(143,323)	(664)	(143,323)
Total comprehensive income, net of tax		779,522	1,803,212	781,522	1,738,602
Attributable to:					
Equity holders of the Company		779,522	1,803,212		
Earnings per share					
Basic and diluted earnings per share - cents	16	8.44	19.62		
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 2021

	Notes	Group		Company	
		2021	2020	2021	2020
		$	$	$	$
Share capital					
At 1 January		9,188,353	9,188,353	9,188,353	9,188,353
Movement during the year		50,318	-	50,318	-
At 31 December	15	9,238,671	9,188,353	9,238,671	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		8,842,639	8,269,349	8,842,639	8,269,349
Movement during the year		2,656	573,290	2,656	573,290
At 31 December	26	8,845,295	8,842,639	8,845,295	8,842,639
Retained earnings					
At 1 January		27,744,114	26,514,192	27,544,805	26,379,493
Operating profit after income tax		776,866	1,229,922	778,866	1,165,312
At 31 December		28,520,980	27,744,114	28,323,671	27,544,805
		47,034,545	46,204,705	46,804,272	45,972,432

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 2021

	Notes	Group		Company	
		2021	2020	2021	2020
Assets		$	$	$	$
Current assets					
Cash and cash equivalents	5	573,574	512,392	573,574	512,392
Trade and other receivables	6	368,809	357,883	368,809	357,883
Other assets	7	14,300	63,361	14,300	63,361
Inventories	8	4,251	6,283	4,251	6,283
		960,934	939,919	960,934	939,919
Non-current assets					
Investment properties	9	45,925,852	45,695,960	45,925,852	45,695,960
Financial assets	10(a)	282,965	282,965	-	-
Property, plant and equipment	11	21,096,755	21,033,579	21,096,755	21,033,579
Deferred tax assets	4	268,893	225,398	268,893	225,398
		67,574,465	67,237,902	67,291,500	66,954,937
Total assets		68,535,399	68,177,821	68,252,434	67,894,856
Current liabilities					
Trade and other payables	12	633,892	767,308	581,200	716,616
Interest-bearing borrowings	13	871,611	791,730	871,611	791,730
Employee benefit liability	14	36,284	29,660	36,284	29,660
Current tax liability		14,935	17,021	14,935	17,021
		1,556,722	1,605,719	1,504,030	1,555,027
Non-current liabilities					
Trade and other payables	12	445,881	344,924	445,881	344,924
Interest-bearing borrowings	13	14,387,788	14,902,770	14,387,788	14,902,770
Deferred tax liability	4	5,110,463	5,119,703	5,110,463	5,119,703
		19,944,132	20,367,397	19,944,132	20,367,397
Total liabilities		21,500,854	21,973,116	21,448,162	21,922,424
Net assets		47,034,545	46,204,705	46,804,272	45,972,432
Shareholders' equity					
Share capital	15	9,238,671	9,188,353	9,238,671	9,188,353
Capital reserve		396,635	396,635	396,635	396,635
Investment revaluation reserve		32,964	32,964	-	-
Asset revaluation reserve	26	8,845,295	8,842,639	8,845,295	8,842,639
Retained earnings		28,520,980	27,744,114	28,323,671	27,544,805
Total shareholders' equity		47,034,545	46,204,705	46,804,272	45,972,432

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 2021

	Note	Group		Company	
		2021	2020	2021	2020
		$	$	$	$
Operating activities					
Receipts from tenants and customers		3,767,401	4,525,511	3,767,401	4,525,511
Payments to suppliers and employees		(1,884,628)	(2,507,134)	(1,884,628)	(2,507,134)
Cash generated from operations		1,882,773	2,018,377	1,882,773	2,018,377
Income tax paid		(41,376)	(133,196)	(41,376)	(133,196)
Interest paid		(935,205)	(859,280)	(935,205)	(859,280)
Net cash provided by operating activities		906,192	1,025,901	906,192	1,025,901
Investing activities					
Payments for property, plant and equipment		(226,564)	(156,170)	(226,564)	(156,170)
Payments for investment properties		(183,345)	(395,639)	(183,345)	(395,639)
Net cash used in investing activities		(409,909)	(551,809)	(409,909)	(551,809)
Financing activities					
Proceeds from borrowings		-	225,050	-	225,050
Repayment of borrowings		(383,931)	(230,138)	(383,931)	(230,138)
Net cash flow used in financing activities		(383,931)	(5,088)	(383,931)	(5,088)
Net increase in cash and cash equivalents		112,352	469,004	112,352	469,004
Cash and cash equivalents /(overdraft) at 1 January		461,222	(7,782)	461,222	(7,782)
Cash and cash equivalents at 31 December	5	573,574	461,222	573,574	461,222

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 2021 were authorised for issue in accordance with a resolution of the Directors on 19 May 2022. 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 28 and 29.

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 2021.

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

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments listed below, which are effective for annual periods beginning on or after 1 January 2021. These amendments did not have an impact on the Group.

- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16; and
- Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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 are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. These amendments are not expected to have a material impact on the Group.

New standards and amendments	Effective date
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimates - Amendments to IAS 8	1 January 2023
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (including Amendment to IAS 1 – Classification of Liabilities as Current or Non-current – Deferral of Effective Date issued in July 2020)	1 January 2023
Amendments to IAS 37 – Onerous Contracts: – Cost of Fulfilling a Contract	1 January 2022
Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
AIP (2018-2020 cycle): IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a First-time Adopter	1 January 2022
AIP (2018-2020 cycle): IFRS 9 Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	1 January 2022
Amendments to IFRS 3 – Reference to the Conceptual Framework	1 January 2022

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.

1.6 Significant accounting judgments, estimates and assumptions *continued*

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. 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 2021. 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.

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.

1.7 Summary of significant accounting policies *continued*

(a) Financial instruments *continued*

ii) Classification and measurement *continued*

Financial assets *continued*

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;

- 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).

1.7 Summary of significant accounting policies *continued*

(a) Financial instruments *continued*

ii) Classification and measurement *continued*

Financial assets: Business model assessment *continued*

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.

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.

1.7 Summary of significant accounting policies *continued*

(b) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(c) 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*

(c) 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 Group in accordance with the contract and the cash flows that the Group expects to receive).

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

At each reporting date, the Group 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 Group on terms that the Group 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*

(c) 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.

(d) 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.

(e) 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*

(f) 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.

(g) 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*

(h) 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 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 tax liabilities are recognised for all taxable temporary differences:

Deferred tax

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

1.7 Summary of significant accounting policies *continued*

(h) Taxes *continued*

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.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

1.7 Summary of significant accounting policies *continued*

(m) 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.

(n) 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.

(o) 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.

(p) 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.

1.7 Summary of significant accounting policies *continued*

(q) 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 are subject to the provisions of the Fiji Income Tax Act and Income Tax (Dividend) Regulations 2016.

(r) Leases

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

(s) Comparative figures

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

(t) 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 principally 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.

(u) 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.

YATU LAU COMPANY LIMITED and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021	2020	2021	2020
2. REVENUE	$	$	$	$
(a) Rental income				
Amy Street	1,551	1,195	1,551	1,195
Arts Village	433,969	571,225	433,969	571,225
Berry Road	65,500	12,019	65,500	12,019
Dinem House	555,056	555,056	555,056	555,056
Lagoon	47,456	50,375	47,456	50,375
Total House	89,000	89,000	89,000	89,000
Waimanu Road	207,000	207,000	207,000	207,000
Yatu Lau Arcade	1,626,210	1,869,097	1,626,210	1,869,097
	3,025,742	3,354,967	3,025,742	3,354,967
(b) Hotel revenue	$	$	$	$
Accommodation sales	838,037	1,030,673	838,037	1,030,673
Conference sales	40,303	62,907	40,303	62,907
Food and beverage	5,855	69,679	5,855	69,679
Shows and tours	-	86,928	-	86,928
Miscellaneous	26,102	60,435	26,102	60,435
	910,297	1,310,622	910,297	1,310,622

3. EXPENSES

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

	Group 2021	Group 2020	Company 2021	Company 2020
	$	$	$	$
(a) Operating expenses				
Auditor's remuneration - audit services	17,750	17,750	15,750	15,750
- other services	9,176	4,069	9,176	3,319
Depreciation	165,524	172,808	165,524	172,808
Directors' fees	41,674	25,075	41,674	25,075
Directors and officers liability insurance	6,982	8,081	6,982	8,081
Expected credit loss	210,853	257,456	210,853	324,816
Fiji National University levy	5,003	7,201	5,003	7,201
Fiji National Provident Fund contributions	24,684	46,402	24,684	46,402
Fringe benefit tax	939	1,002	939	1,002
Insurance	215,926	191,860	215,926	191,860
Motor vehicle expenses	9,738	34,035	9,738	34,035
Other expenses	793,535	952,417	793,535	952,417
Postage and stationery	23,057	30,850	23,057	30,850
Repairs and maintenance	33,983	84,248	33,983	84,248
Salaries, wages, bonus and allowances	530,705	757,305	530,705	757,305
Security costs	124,730	160,859	124,730	160,859
Telephone and internet	48,668	33,260	48,668	33,260
Travelling and accommodation	23,540	33,962	23,540	33,962
	2,286,467	2,818,640	2,284,467	2,883,250

YATU LAU COMPANY LIMITED and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2021

3. EXPENSES *continued*

	Group		Company	
	2021	2020	2021	2020
(a) Other expenses is further analysed as:	$	$	$	$
Advertising expense	8,411	7,663	8,411	7,663
Amortisation expense	1,184	1,655	1,184	1,655
Annual leave	6,624	683	6,624	683
Bank fees	96,560	54,101	96,560	54,101
Board meeting expenses	10,023	4,855	10,023	4,855
Cleaning expenses	90,468	117,116	90,468	117,116
Cost of goods sold:				
- Arts Village	-	41,057	-	41,057
- Lagoon	1,062	12,595	1,062	12,595
- Studio 6	11,518	21,066	11,518	21,066
Commission expense	1,047	751	1,047	751
Computer expenses	4,072	11,638	4,072	11,638
Consultancy fees	23,542	8,403	23,542	8,403
Donation expense	1,617	-	1,617	-
Entertainment expense	11,377	21,558	11,377	21,558
Fire service expense	16,092	9,115	16,092	9,115
Funeral contribution	-	8,290	-	8,290
General expense	3,963	6,274	3,963	6,274
Hotel expenses	8,954	23,922	8,954	23,922
Hotel - guest entertainment expense	295	14,150	295	14,150
Licence and rates expenses	170,902	130,214	170,902	130,214
Property related legal fees	18,314	4,312	18,314	4,312
Staff meeting expenses	3,608	366	3,608	366
Staff safety expense	4,546	4,074	4,546	4,074
Staff training expense	289	3,196	289	3,196
Sub committee meetings	25,713	30,760	25,713	30,760
Utilities expenses:				
- Electricity	148,765	196,942	148,765	196,942
- Gas	1,901	1,846	1,901	1,846
- Water	69,948	121,487	69,948	121,487
Valuation expense	24,875	23,450	24,875	23,450
Waste removal	27,865	68,970	27,865	68,970
Workers compensation	-	1,908	-	1,908
	793,535	952,417	793,535	952,417
(b) Finance expense				
Interest on borrowings	935,205	1,197,873	935,205	1,197,873

YATU LAU COMPANY LIMITED and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
4. INCOME TAX EXPENSE	2021	2020	2021	2020
	$	$	$	$
Operating profit/(loss) before tax	762,757	(1,485,760)	764,757	(1,550,370)
Prima facie tax thereon at 20%	152,551	(297,152)	152,951	(310,074)
Non-deductible items	(24,449)	(24,200)	(24,849)	(11,278)
Under provision from prior year	-	587	-	587
Restatement of deferred balances	(134,524)	-	(134,524)	-
Others	(7,687)	-	(7,687)	-
Impact of change to blended approach	-	(2,394,917)	-	(2,394,917)
Income tax benefit reported in the statement of profit or loss and other comprehensive income	(14,109)	(2,715,682)	(14,109)	(2,715,682)

Deferred tax related to items charged or credited directly to OCI during the year:

Net gain on revaluation of buildings	664	143,323	664	143,323
Income tax charged directly to other comprehensive income	664	143,323	664	143,323

Net deferred liability at 31 December relates to the following:

Deferred tax assets/(liability)

Allowance for expected credit loss	261,636	219,466	261,636	219,466
Provision for employee entitlements	7,257	5,932	7,257	5,932
Accelerated depreciation and revaluation	(5,110,463)	(5,119,703)	(5,110,463)	(5,119,703)
	(4,841,570)	(4,894,305)	(4,841,570)	(4,894,305)

Reflected in the consolidated statement of financial position as follows:

Deferred tax assets	268,893	225,398	268,893	225,398
Deferred tax liability	(5,110,463)	(5,119,703)	(5,110,463)	(5,119,703)
Net deferred tax liability	(4,841,570)	(4,894,305)	(4,841,570)	(4,894,305)

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	2,300	2,300	2,300
Cash at bank	571,274	510,092	571,274	510,092
Cash and cash equivalents	573,574	512,392	573,574	512,392

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash above net of bank overdraft.

Cash and cash equivalents	573,574	512,392	573,574	512,392
Bank overdraft	-	(51,170)	-	(51,170)
Total cash and cash equivalents	573,574	461,222	573,574	461,222

YATU LAU COMPANY LIMITED and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2021

6. TRADE AND OTHER RECEIVABLES	Group 2021 $	Group 2020 $	Company 2021 $	Company 2020 $
Current				
Trade receivables	941,811	767,312	941,811	767,312
Less: allowance for expected credit loss	(655,459)	(495,904)	(655,459)	(495,904)
Total trade receivables	286,352	271,408	286,352	271,408
Prepayments	18,125	22,143	18,125	22,143
Deposits	64,332	64,332	64,332	64,332
Other receivable	297,529	297,529	297,529	297,529
Less: allowance for expected credit loss	(297,529)	(297,529)	(297,529)	(297,529)
Total other receivables	82,457	86,475	82,457	86,475
Total trade and other receivables	368,809	357,883	368,809	357,883

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	793,433	704,354	793,433	704,354
Additional provision	159,555	89,079	159,555	89,079
At 31 December	952,988	793,433	952,988	793,433

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	$	$	$	$	$
2021	941,811	143,209	56,102	9,174	733,326
2020	767,312	149,455	45,033	-	572,824

7. OTHER ASSETS		$	$	$	$
Staff advances	(a)	113,568	113,333	113,568	113,333
Less: allowance for expected credit loss		(101,270)	(94,315)	(101,270)	(94,315)
<u>Advances:</u>					
Shareholder advances	(b)	46,345	44,343	46,345	44,343
Less: allowance for expected credit loss		(44,343)	-	(44,343)	-
Advances to associate company	(b)	286,557	235,599	50,958	50,958
Less: allowance for expected credit loss	(b)	(286,557)	(235,599)	(50,958)	(50,958)
Advances to subsidiary	(b)	-	-	157,623	157,623
Less: allowance for expected credit loss		-	-	(157,623)	(157,623)
<u>Share deposit</u>					
Bua Investments		1,000	1,000	1,000	1,000
Less: allowance for expected credit loss		(1,000)	(1,000)	(1,000)	(1,000)
		14,300	63,361	14,300	63,361

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

	$	$	$	$
At 1 January	330,914	238,594	303,896	146,273
Additional provision	51,298	92,320	51,298	157,623
At 31 December	382,212	330,914	355,194	303,896

YATU LAU COMPANY LIMITED and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2021

7. OTHER ASSETS *continued*

(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.

	Group		Company	
8. INVENTORIES	2021	2020	2021	2020
	$	$	$	$
Consumables and merchandise	4,251	6,283	4,251	6,283
9. INVESTMENT PROPERTIES	$	$	$ $	$
At 1 January	45,695,960	47,405,960	45,695,960	47,405,960
Additions from capital expenditure	183,345	395,639	183,345	395,639
Transfer from work in progress	-	50,275	-	50,275
Net gain from fair value adjustments	46,547	(2,155,914)	46,547	(2,155,914)
At 31 December	45,925,852	45,695,960	45,925,852	45,695,960

The investment properties are stated at fair value based on independent valuations at open market value prepared on February 2021 by registered valuer Rolle Associates. The valuation has been adopted as at 31 December 2021.

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

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	-	-
Reconciliation for financial assets for associates companies					
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

	Place of	Ordinary shares		% Shareholding	
Company	incorporation	2021	2020	2021	2020
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.

YATU LAU COMPANY LIMITED and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2021

11. PROPERTY, PLANT AND EQUIPMENT

Group:	Freehold land	Building	Furniture, fittings and equipment	Motor vehicles	Work in progress	Total
	$	$	$	$	$	$
Valuation/cost						
At 1 January 2020	3,545,000	16,129,039	2,593,723	191,005	259,200	22,717,967
Additions	-	73,387	79,909	-	2,874	156,170
Transfers	-	-	-	-	(50,275)	(50,275)
Revaluation	-	716,613	-	-	-	716,613
At 31 December 2020	3,545,000	16,919,039	2,673,632	191,005	211,799	23,540,475
Additions	-	-	59,591	-	166,973	226,564
Revaluation	-	3,320	-	-	-	3,320
At 31 December 2021	3,545,000	16,922,359	2,733,223	191,005	378,772	23,770,359
Depreciation						
At 1 January 2020	-	-	2,203,476	128,957	-	2,332,433
Depreciation charge for the year	-	-	150,445	24,018	-	174,463
At 31 December 2020	-	-	2,353,921	152,975	-	2,506,896
Depreciation charge for the year	-	-	142,690	24,018	-	166,708
At 31 December 2021	-	-	2,496,611	176,993	-	2,673,604
Net book value						
At 31 December 2021	3,545,000	16,922,359	236,612	14,012	378,772	21,096,755
At 31 December 2020	3,545,000	16,919,039	319,711	38,030	211,799	21,033,579

YATU LAU COMPANY LIMITED and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2021

11. PROPERTY, PLANT AND EQUIPMENT *continued*

Company:	Freehold land	Building	Furniture, fittings and equipment	Motor vehicles	Work in progress	Total
Valuation/cost	$	$	$	$	$	$
At 1 January 2020	3,545,000	16,129,039	2,593,723	191,005	259,200	22,717,967
Additions	-	73,387	79,909	-	2,874	156,170
Revaluation	-	716,613	-	-	-	716,613
Transfers	-	-	-	-	(50,275)	(50,275)
At 31 December 2020	3,545,000	16,919,039	2,673,632	191,005	211,799	23,540,475
Additions	-	-	59,591	-	166,973	226,564
Revaluation	-	3,320	-	-	-	3,320
At 31 December 2021	3,545,000	16,922,359	2,733,223	191,005	378,772	23,770,359
Depreciation						
At 1 January 2020	-	-	2,203,476	128,957	-	2,332,433
Depreciation charge for the year	-	-	150,445	24,018	-	174,463
At 31 December 2020	-	-	2,353,921	152,975	-	2,506,896
Depreciation charge for the year	-	-	142,690	24,018	-	166,708
At 31 December 2021	-	-	2,496,611	176,993	-	2,673,604
Net book value						
At 31 December 2021	3,545,000	16,922,359	236,612	14,012	378,772	21,096,755
At 31 December 2020	3,545,000	16,919,039	319,711	38,030	211,799	21,033,579

The Group's land and building are stated at fair value based on independent valuations prepared on February 2021 by registered valuer Rolle Associates. The valuation has been adopted as at 31 December 2020.

Land and building have been pledged as security to Bank of South Pacific for borrowings from the banks.

YATU LAU COMPANY LIMITED and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2021

		Group		Company	
		2021	2020	2021	2020
12. TRADE AND OTHER PAYABLES		$	$	$	$
Current					
Payable to Benatil Limited		47,942	47,942	-	-
Trade payables and accruals	(a)	529,397	502,027	524,647	499,277
Rent received in advance		51,100	50,418	51,100	50,418
Environmental levy		1,891	5,325	1,891	5,325
Value Added Tax payable		3,562	23,135	3,562	23,135
		633,892	628,847	581,200	578,155
Non-current					
Dividends payable	(b)	88,143	138,461	88,143	138,461
Rental deposits		357,738	344,924	357,738	344,924
		445,881	483,385	445,881	483,385
Total trade and other payables		1,079,773	1,112,232	1,027,081	1,061,540

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

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

13. INTEREST-BEARING BORROWINGS	$	$	$	$
Current				
Bank overdraft	-	51,170	-	51,170
Bank of South Pacific loans	871,611	28,859	871,611	28,859
Westpac Banking Corporation loans	-	711,701	-	711,701
	871,611	791,730	871,611	791,730
Non-current				
Bank of South Pacific loans	14,387,788	29,466	14,387,788	29,466
Westpac Banking Corporation loans	-	14,873,304	-	14,873,304
	14,387,788	14,902,770	14,387,788	14,902,770
Total interest-bearing borrowings	15,259,399	15,694,500	15,259,399	15,694,500

Particulars relating to secured borrowings:

During the year, loan with Westpac Banking Corporation was refinanced by Bank of South Pacific at a rate of 5.25% per annum, secured by the following:

- First Registered General Security Interest Agreement to be given by Yatu Lau Company Limited over all rights, property and undertakings of whatever kind and wherever situated. Whether present or after acquired. It includes capital (called or uncalled capital and paid or unpaid capital). To secure advances up to $18,050,000;
- First Registered Mortgage to be given by Yatu Lau Company Limited over commercial property comprised in Certificate of Title No. 40471, Lot 1 on Deposited Plan No. 10103 situated at Rodwell Road & Struan Street, Suva;
- First Registered Mortgage to be given by Yatu Lau Company Limited over commercial property comprised in Certificate of Title No. 31116, Lot 1 on Deposited Plan No. 8007 situated at Amy Street, Suva;

YATU LAU COMPANY LIMITED and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2021

13. INTEREST-BEARING BORROWINGS *continued*

Particulars relating to secured borrowings continued:

- First Registered Mortgage to be given by Yatu Lau Company Limited over commercial property comprised in Certificate of Title No. 11537, Lot 4 on Deposited Plan No. 2596, Certificate of Title No. 7185, Lot 2 on Deposited Plan No. 1528, Certificate of Title No. 35700, Lots 4 & 5 on Deposited Plan No. 2934 and Crown Lease No. 10399, Lot 9 on Deposited Plan No. 2934;
- First Registered Mortgage to be given by Yatu Lau Company Limited over commercial property comprised in Certificate of Title No. 5427, Lot 9 on Plan S 212 situated at 24 Fort Street, Suva;
- First Registered Mortgage to be given by Yatu Lau Company Limited over commercial property comprised in Crown Lease No. 4396, Lot 19 on Plan S 1184 situated at Rona Street, Walu Bay, Suva;
- First Registered Mortgage to be given by Yatu Lau Company Limited over commercial property comprised in Certificate of Title No. 26878, Lot 1 on Deposited Plan No. 6863 and Certificate of Title No. 28959, Lot 3 on Deposited Plan No. 7444;

Securities held under loan with Westpac Banking Corporation prior to refinancing:

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 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.

YATU LAU COMPANY LIMITED and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2021

13. INTEREST-BEARING BORROWINGS *continued*

Particulars relating to secured borrowings continued:

- First Registered Mortgage to be given by Yatu Lau Company Limited over commercial property comprised in Certificate of Title No. 38850, Lot 1 on Deposited Plan No. 9633 and Certificate of Title No. 38851, Lot 2 on Deposited Plan No. 9633;
- First Registered Mortgage to be given by Yatu Lau Company Limited over commercial property comprised in Certificate of Title No. 9813, Lot 11 on Deposited Plan No. 2401 situated at Queens Road, Pacific Harbour, Deuba;
- First Registered Mortgage to be given by Yatu Lau Company Limited over commercial property comprised in Certificate of Title No. 6511, Lot 2 on Deposited Plan No. 1069 situated at 22 Berry Road, Suva;
- First Registered Mortgage to be given by Yatu Lau Company Limited over commercial property comprised in Certificate of Title No. 39441, Lot 1 on Deposited Plan No. 9788 situated at Hibiscus Drive, Pacific Harbour, Deuba;
- First Registered Mortgage to be given by Yatu Lau Company Limited over commercial property comprised in Certificate of Title No. 24123, Lot 2 on Deposited Plan No. 5785 situated at 72-74 Amy Street, Toorak, Suva; and
- Specific Security Interest Agreement (formerly assignment) over the rental income from all properties under Yatu Lau Company Limited.

	Group		Company	
	2021	2020	2021	2020
14. EMPLOYEE BENEFIT LIABILITY	$	$	$	$
Annual leave	36,284	29,660	36,284	29,660

15. SHARE CAPITAL	$	$	$	$
Issued and paid up capital				
4,495,561 A class ordinary shares	5,586,621	5,536,303	5,586,621	5,536,303
3,652,050 B class ordinary shares	3,652,050	3,652,050	3,652,050	3,652,050
	9,238,671	9,188,353	9,238,671	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.

During the year, the Board approved the capitalization of $50,318 of dividends as A class ordinary shares.

YATU LAU COMPANY LIMITED and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021	2020	2021	2020
16. EARNING PER SHARE	$	$		
Net profit for the year	779,522	1,803,212		
Weighted average number of ordinary shares	9,238,671	9,188,353		
Basic and diluted earnings per shares - cents	8.44	19.62		

17. COMMITMENTS	$	$	$	$
Capital expenditure				
- Approved by the Board and committed	2,000,000	-	2,000,000	-

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	3,288,932	3,264,460	3,288,932	3,264,460
Later than one year but less than two years	3,288,932	3,264,460	3,288,932	3,264,460
Later than two years but less than five years	6,577,864	6,528,920	6,577,864	6,528,920
	13,155,728	13,057,840	13,155,728	13,057,840

19. CONTINGENT LIABILITIES

Contingent liabilities at balance date amounted to $Nil (2020: $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	-

YATU LAU COMPANY LIMITED and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2021

21. SEGMENT INFORMATION

(a) Operating segment - Group

	Hotel $	Property $	Unallocated/ Elimination $	Consolidated $
31 December 2021				
External sales	910,297	3,025,742	-	3,936,039
Fair value gain	-	46,547	-	46,547
Other revenue	-	-	1,843	1,843
	910,297	3,072,289	1,843	3,984,429
Results				
Segment result	(17,982)	2,433,258	1,843	2,417,119
Unallocated expenses	-	-	(719,157)	(719,157)
Profit from operating activities	(17,982)	2,433,258	(717,314)	1,697,962
Finance costs (net)	-	-	(935,205)	(935,205)
Profit before income tax	(17,982)	2,433,258	(1,652,519)	762,757
Income tax expense	-	-	14,109	14,109
Net profit	(17,982)	2,433,258	(1,638,410)	776,866
31 December 2020				
Revenue				
External sales	1,310,622	3,354,967	-	4,665,589
Fair value gain	-	(2,155,914)	-	(2,155,914)
Other revenue	-	-	21,078	21,078
	1,310,622	1,199,053	21,078	2,530,753
Results				
Segment result	(18,965)	521,164	21,078	523,277
Unallocated expenses	-	-	(811,164)	(811,164)
Profit from operating activities	(18,965)	521,164	(790,086)	(287,887)
Finance costs (net)	-	-	(1,197,873)	(1,197,873)
Profit before income tax	(18,965)	521,164	(1,987,959)	(1,485,760)
Income tax expense	-	-	2,715,682	2,715,682
Net profit	(18,965)	521,164	727,723	1,229,922

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
Meli Saubulinayau - Deputy Chairperson
Isireli Mokunitulevu (retired 16 December 2021)
Matai Korosaya (Independent Director)
Jiu Daunivalu
Watisoni Nata
Peni Gavidi
Akapusi Tuifagalele
Noa Seru (elected 16 December 2021)
Aisake Taito (Appointment by Board)

YATU LAU COMPANY LIMITED and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2021

22. RELATED PARTY TRANSACTIONS *continued*

(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
Adi Koila Nailatikau	Chairperson
Akapusi Tuifagalele	Managing Director, January-June 2021
Jiu Daunivalu	Managing Director, January-June 2021
Meli Saubulinayau	Managing Director, July-December 2021
Isireli Mokunitulevu	Managing Director, July-December 2021

(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 2021 and 2020 with approximate transaction values are summarised as follows:

Name	Relationship	Nature of transaction	2021 $	2020 $
Lau Provincial Council	Shareholder	Rental income	-	2,180

(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:

Kabara Tikina Council	Shareholder	8,289	8,289
Yatu Lau Property Development Limited	Subsidiary	157,623	157,623
Lau Shipping Limited	Shareholder	50,958	50,958
Oneata Island Holding Limited	Shareholder	20,389	20,389
		237,259	237,259

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.

YATU LAU COMPANY LIMITED and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2021

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

(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 2021	$	$	$
Secured financial liabilities			
Bank loans (Note 13)	871,611	14,387,788	15,259,399
31 December 2020			
Financial liabilities			
Bank overdraft (Note 13)	51,170	-	51,170
Bank loans (Note 13)	740,560	14,902,770	15,643,330
	791,730	14,902,770	15,694,500

(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.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

(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 2021	Less than 1 year	Between 1 and 2 years	Total
Financial assets:	$	$	$
Cash and cash equivalents	573,574	-	573,574
Trade and other receivables	368,809	-	368,809
Other assets	14,300	-	14,300
	956,683	-	956,683
Financial liabilities:			
Trade and other payables	633,892	445,881	1,079,773
Bank overdraft	-	-	-
Interest-bearing borrowings	871,611	14,387,788	15,259,399
	1,505,503	14,833,669	16,339,172

31 December 2020	Less than 1 year	Between 1 and 2 years	Total
Financial assets:	$	$	$
Cash and cash equivalents	512,392	-	512,392
Trade and other receivables	357,883	-	357,883
Other assets	63,361	-	63,361
	933,636	-	933,636
Financial liabilities:			
Trade and other payables	767,308	344,924	1,112,232
Bank overdraft	51,170	-	51,170
Interest-bearing borrowings	740,560	14,902,770	15,643,330
	1,559,038	15,247,694	16,806,732

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 *continued*

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), trade and other payables 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:	2021	2020
	$	$
Total borrowings including bank overdraft (Note 13)	15,259,399	15,694,500
Trade and other payables	1,079,773	1,112,232
Less: cash and cash equivalents (Note 5)	(573,574)	(512,392)
Net debt	15,765,598	16,294,340
Total equity	47,034,545	46,204,705
Total capital (total equity plus net debt)	62,800,143	62,499,045
Gearing ratio % (net debt/total capital)	25%	26%

24. SIGNIFICANT EVENTS DURING THE YEAR

The coronavirus disease (COVID-19) outbreak has developed rapidly, bringing a significant health impact globally. Measures taken to contain the virus continue to have a significant impact on global markets and economic activity. Fiji is also feeling the impact with business disruption and levels of activity already reducing in several market sectors.

The Company and the Group have remained operational since this declaration and continues to engage in its principal activities. We have not seen a significant impact on our business to date. The Directors and management are carefully considering the impact of the COVID-19 outbreak on the Company and the Group and assessing future operational options. The future financial impacts, however, cannot be reasonably estimated at this time, as they will be largely the product of matters the Company and the Group cannot control.

On 25 April 2021, in response to the COVID-19 pandemic, the Government announced a number of measures including lockdown of certain containment areas within Viti Levu. Under the lockdown restrictions, all nonessential businesses were required to close unless the workplace was deemed part of a permitted industry as set out by the Government. The introduction of these restrictions has not had a material effect on the Company and the Group's financial statements at 31 December 2021.

In July 2021 the Fijian Government ramped up its vaccination drive with a national target of 80 percent of the target population to be fully vaccinated by 31 October 2021. The Government was able to attain 90 percent in November and as a result the current containment measures with restrictions are easing as the fully vaccinated percentage increases. The duration and extent of the pandemic and related financial, social and public health impacts of the COVID-19 pandemic are uncertain.

The Directors and management believe the Company and the Group have sufficient financial resources together with arrangements with their customers and suppliers at this time to be able to successfully manage their business risks despite the current uncertain economic outlook due to the COVID-19 outbreak.

YATU LAU COMPANY LIMITED and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2021

25. SUBSEQUENT EVENTS

The effects of COVID-19 have manifested in the interval between the end of the financial year and the date of this report, and it is uncertain how significantly the operations of the Company and the Group may be impacted in the subsequent financial year.

No other 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 the future financial years.

	Group		Company	
	2021	2020	2021	2020
26. ASSET REVALUATION RESERVE	$	$	$	$
Balance at 1 January	8,842,639	8,269,349	8,842,639	8,269,349
Revaluation reserve surplus	3,320	716,613	3,320	716,613
Income tax effect (Note 4)	(664)	(143,323)	(664)	(143,323)
Balance at 31 December	8,845,295	8,842,639	8,845,295	8,842,639

27. GOING CONCERN

At 31 December 2021, the Company recorded a negative working capital of $543,096 (2020: $615,108). The Group also recorded a negative working capital of $595,788 (2020: $665,800). 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.

28. 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.

29. 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

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