50 YEARS
RE-STRATEGIZING OUR BUSINESS FOR A SUSTAINABLE FUTURE

YATU LAU
COMPANY LIMITED

2022 ANNUAL REPORT

Table of Contents

VISION:
To be the leading property investment Company in Fiji; providing safe, effective and profitable business services to all our stakeholders.

MISSION:
We will **transform** and build Yatu Lau Company through profitable and sustainable investment supported by:

- sound corporate governance;
- inclusive stakeholder and community engagement; and
- excellent client experiences

VALUES: (I TOVO)
Integrity (vakatulewa dodonu/savasava)

- We will behave ethically in our decision making and interaction with stakeholders

Excellence (veiqaravi uasivi)

- We will consistently deliver high quality client experiences

Respect (veidokai)

- We value all our stakeholders fairly and treat them with the highest regard

Transparency (cakacaka vakadodonu)

- We disclose relevant and pertinent information to stakeholders in a timely manner

Entrepreneurship (tauyavutaki na sasaga vovou)

- We will encourage innovation and advocate business acumen

Teamwork (cakacaka vata/solesolevaki)

- We will foster a conducive environment allowing greater workforce efficiency and productivity for all

CORE BUSINESS
To be a profitable and sustainable Property Investment Company

SLOGAN
"Your money, our services, our growth"
Nomuni silini, weitou veiqaravi, wetatou tubu

Top 30 Shareholders

	Shareholders as at 31/12/2022	No. of Shares	
		Class A	Class B
1	Fiji National Provident Fund		2,721,866
2	Aequi Libria Associates Insurance Brokers Limited		791,140
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	159,015	
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	Kiritbhai Patel (Mr.) & Shimki Patel (Mrs)		45,810
19	Manubhai Prabhudas Patel		45,810
20	Jimaima Tamacala	44,904	
21	Lomaloma Tikina	42,149	
22	Dravuwalu Holdings Company Limited	40,987	
23	Ono-I-Lau Soqosoqo Vakamarama	35,862	
24	Brian & Kiri Richmond	35,147	
25	Adi Koila Mara Nailatikau	35,084	
26	Waciwaci Development Enterprise Company Limited	34,747	
27	Ketei Holdings Company Limited	34,650	
28	Vanuanawa Shipping Limited	31,966	
29	Yaroi Village	31,221	
30	Solanki Super Fund		28,875
	TOTAL	**3,153,501**	**3,679,331**

Chairperson's Report

Dear Valued Shareholders,

Yatu Lau 50 years on

It gives me great pleasure to be able to report that we achieved an operating profit of $1.2M before tax in comparison to the previous year of $718,210. In 2022, we celebrated 50 years of successfully operating and marked this milestone with a strong performance despite the challenges and slow economic recovery we've encountered.

Strategy

The Board conducted a detailed review of the Company's strategy and property portfolio with the guidance of Maxumise and MMF Consultants. We identified a series of key initiatives and priorities to move Yatu Lau's business forward over the next 5 - 15 years. In doing so, confirmed a clear overriding goal for the Company to work to –transforming and building Yatu Lau through profitable and sustainable investments.

We are diligently upgrading our 11 properties and ensuring that all have cyclone certification. In addition, Yatu Lau experienced meaningful change in leadership with the election of new Board members and made an unprecedented appointment - Yatu Lau's first female Chief Executive Officer, Ana Delailomaloma. We also recruited two other key heads that of the Property Manager and Chief Financial Officer. We've set financial targets and anticipate greater growth as we implement the Company's strategic goals.

Way Forward

I am proud to say we will continue to return dividends to our shareholders again this year.
The Board is fully aligned behind the goals and strategies we've developed and has ensured that the resources are in place to fulfill this vision.

It truly is an exciting time for Yatu Lau and I am confident that we will transform the Company into a more commercially strong vanua based Company.

Finally, on behalf of the Board I would like to express our deep appreciation to everyone who, over the last 50 years, have contributed towards building Yatu Lau into the successful business it is today.

Vinaka Vakalevu

Meli Saubulinayau

Managing Director's Report

OPERATING ENVIRONMENT

Fiji's 2022 GDP growth was estimated at 15.6% compared with -5.1% in 2021 as reported by the Reserve Bank of Fiji (RBF). It had been projected at 6% and 3.8% respectively for the years of 2023 and 2024.

Inflation was at 3.1% at year end, compared with 3% at the end of the previous year. Inflation was maintained at moderate level.

ANNIVERSARY & REBRANDING

This year commemorates the 50th anniversary of the Company's existence. A milestone achievement from an initial investment of $7 in 1972 to $70million, where properties portfolio for the Company were acquired mainly for rentals and hotel investments.

The year also witnessed the rebranding of the Company logo, to align it to the new strategic direction that the Board had embarked on.

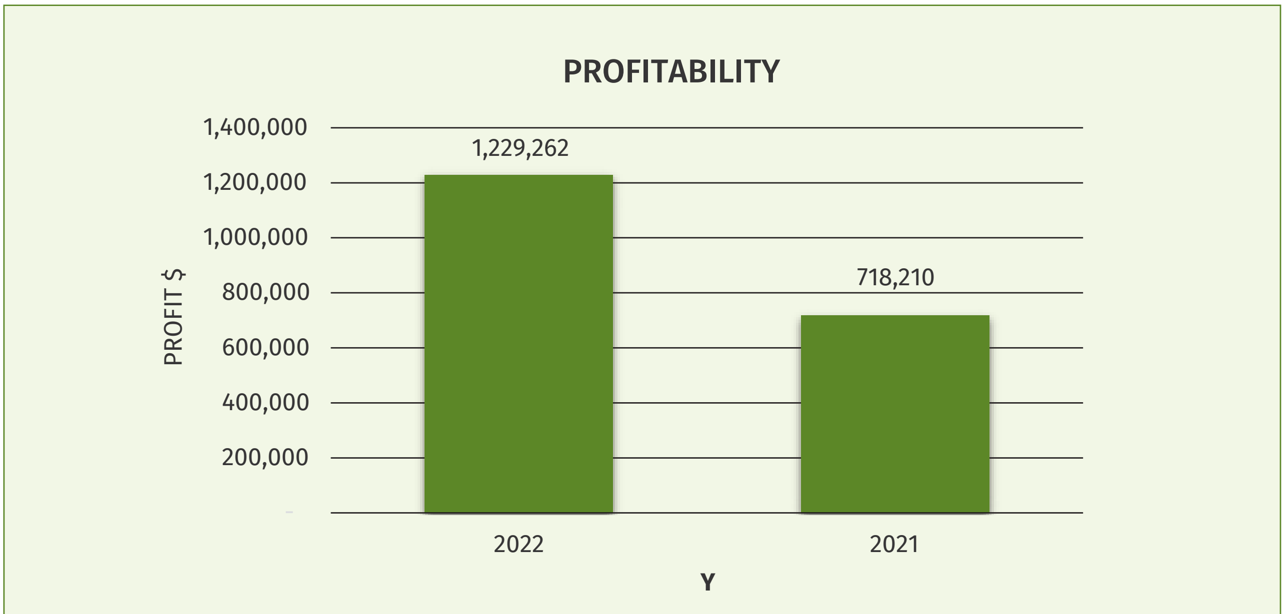
OPERATIONAL RESULTS

During the year, although the Company was challenged and had not fully recovered from Covid-19, however, through the Board's bold and prudent decisions and commitments by management, upgraded some of its 11 properties.

The following table summarizes the performance of Yatu Lau Company Limited during the period.

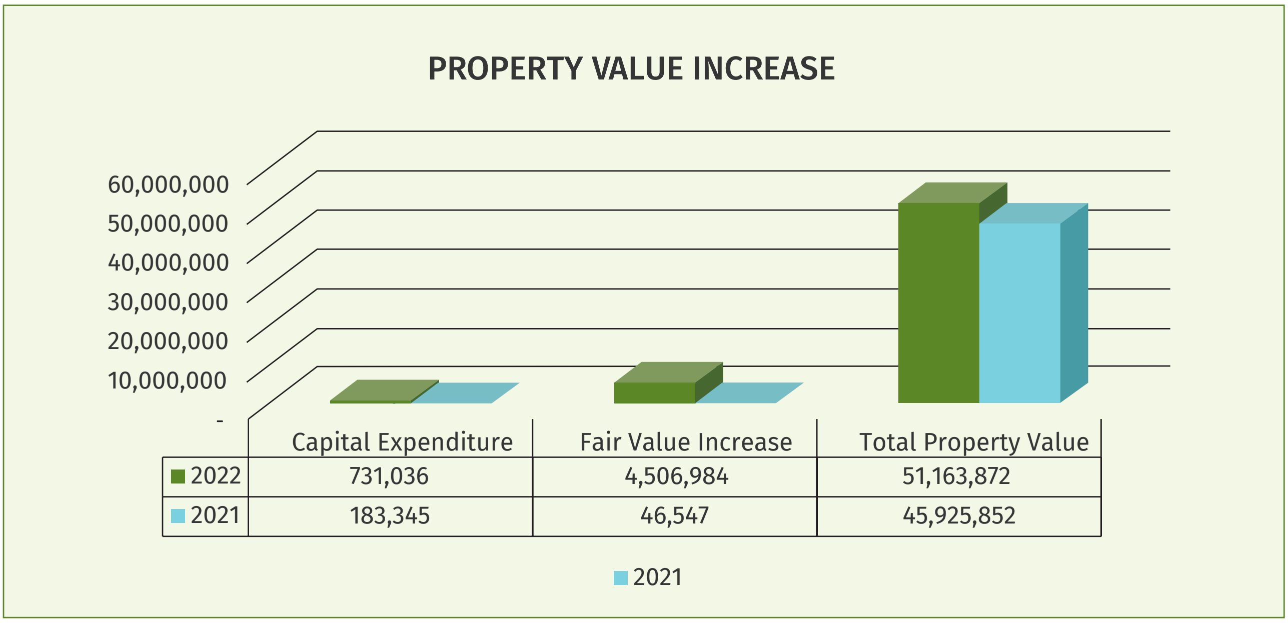
	2022	2021	Growth
Revenue			
Rental Income	$3,405,458	$3,025,742	13%
Hotel Income	$1,352,484	$910,297	49%
Total Income	$4,757,942	$3,936,039	21%
Profit from the Operation	$1,229,262	$718,210	71%
Changes in fair value of Investment Property	$4,506,984	$46,547	9583%
Profit after Tax	$4,977,061	$778,866	539%
Earning per share	0.54	$0.08	575%

Table 1: Performance summary during the year



Graph 1: Company profit from operation

Net asset position of the company increased from $46,804,272 last year to $52,016,338 an increase of 11%. Current liability position increased from $ 1,504,030 last year to $1,919,978 an increase of 29% which was mainly due to the immediate 12 months loan liability to BSP Bank for cyclone certification work, the loan had been taken in order to reinvest the properties.



Graph 2: Net asset position of the Company

CASH FLOW

Cash Flow	2022	2021	Growth
Operating Activities			
Receipts From The Tenants and Customers	5,040,336.00	3,767,401.00	34%
Payments to Suppliers and employees	(3,106,950.00)	(1,884,628.00)	65%
Investment Activities	(2,139,518.00)	(409,909.00)	422%
Financing Activities	872,312.00	(383,931.00)	327%
Cash and cash equivalents at the year end	454,035.00	573,574.00	(21%)

Table 2: Cash flow activities

STRATEGIC FOCUS

The Company after development of a new Strategic Plan embarked on 6 priority areas of focus from this year for the next five (5) years. These were:

i. Ensuring good governance
ii. Sound investment portfolio
iii. Prudent financial management for stability
iv. Strategic human capital management
v. Transformation of Business processes and ICT infrastructure and system, and
vi. Client and stakeholder engagement capability framework

HUMAN RESOURCES

Total establishment in the Company were 56 inclusive of both staff and wage earners, compared to 51 last year. Salaries and wages increased from $530,705 last year to $693,989 an increase of 31%. These were mainly due to recruitment and filling of 4 new positions aligned to the new change that the Company had embarked on. It ensured extra revenue generation were achieved and good governance complied with. These positions were: Clerk of Works, Maintenance Officer, Payroll Officer and Tenancy Officer.

Added to the extra cost were government amended policies in terms of incremental increases in wages for weekly wage earners. It increased four times during the year from an hourly rate of $2.80/hr in January to $3.67/hr at end of December.

The management team worked in cohesion and did their best during the year despite pay cuts and strict guidelines to maintain the business of the Company post 2019-Covid period.

PROPERTY MANAGEMENT

The Company embarked on a massive exercise to upgrade all buildings to cyclone certification standard. Apart from Dinem House rented by the Ministry of Health, three other properties namely: Yatulau Arcade, Studio 6 and Berry road apartments were upgraded and awarded with their cyclone engineering certificates. Total House and Peace Corps buildings had made progress. The rest of properties were earmarked for completion next year.

Upgradation work were made at Studio 6 and Berry Road apartments and they should be ready for occupancy at higher hotel and property rental rates from next year. Other properties are earmarked for completion of their upgrade next year. Plans and work were already underway to upgrade Yatulau Arcade into a Mall by 2024 and to attract up market businesses.

A joint venture was made with Damodar Ltd to oversee the redesign, upgradation and management of Arts Village at Pacific Harbour. This major shift would focus on high market-end rental spaces, food courts, and recreation facilities like water sports at the lake, cinema and entertainment centres, and included culture and other unique features. A new look property is envisaged with a blend of modern technology and traditional touch.

Properties on rental were: Yatulau arcade, Dinem House, Arts village and Berry Road apartments, TOTAL Building and Peace Corps building. At Pacific Harbour beachfront, entry fees were collected from picnickers. These properties were the mainstay of income generation for the Company.

Buildings on hotel services were; Studio 6, Lagoon resort and Kontiki hotel based in Nadi.

BOARD MEETING

Monthly board meetings were consistent. Subcommittees met monthly to discuss in detail issues to progress the company prior to the full Board meeting. In certain circumstances, would meet more than once in a month as this was important to progress immediate work like renovation and upgradation work carried out on properties.

GOVERNANCE

The Board recognised the importance of governance to maintain the reliability and integrity of the Company. Thus, a new Strategic Plan (2022 – 2026) was developed and implemented to guide the Company into the future. New policies established for the Company were Procurement and Payroll policies. Some current policies would be reviewed and amended, and new policies established to align the Company to amended laws in Fiji.

FUTURE PROSPECTS

The future looks positive for the Company with significant changes made during the year. These work had set the foundation for the Company to grow with assets position targeted to reach $100million in the next 3 – 5years. Also, further diversification into other areas of business apart from properties and hotel investments were envisaged to grow the Company further into the future.

Mr. Akapusi Tuifagalele

MANAGING DIRECTOR

Corporate Governance

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

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 COMPOSITION

Prior to the Annual General Meeting (AGM) held on 30th June, the Board consisted of Meli Saubulinayau (Chairman), Adi Koila Mara Nailatikau, Jiu Daunivalu, Akapusi Tuifagalele, Peni Gavidi, Noa Seru, Matai Korosaya, Watisoni Nata and Aisake Taito. The following Directors were elected as new Board members -Viliame Leqa, Tomi Finau and Bulou Gavidi Draunidalo.

BOARD SUBCOMMITTEES

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. Initially the Board had four subcommittees to cover specific operations i.e 1) Finance, 2) Human Resources and 3) Property Rental and Hotels and 4) Information Communication Technology.

In line with the new strategic direction and new organization, the Board's intention is to ensure alignment in all levels of the Company. Hence, the formation of new subcommittees as follows:

I. Governance and Compliance subcommittee – responsible for overseeing matters in relation to audit and risk, policy development, stakeholder management including corporate strategy.

II. Property – responsible for overseeing the core business area of YL which includes investment portfolio risk management, property management, repairs and maintenance, scheduling and project management.

III. Finance and Administration – responsible for overseeing three functional areas of Finance which includes revenue management, Human Capital Management and Information Communications Technology.

APPOINTMENT OF MANAGING DIRECTOR

In accordance with the YLCL Articles of Association (Section 70) and in the absence of a Chief Executive Officer, the Board 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 from Jan – December 2022.

DIRECTORS MEETING ATTENDANCE SUMMARY

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

	Board of Directors			Finance		
	Held	No. Of Meetings apology given	Attended	Held	No. Of Meetings apology given	Attended
Adi Koila Nailatikau	10	1	9	7	1	6
Jiu Daunivalu	10		4	7		1
Bulou Gavidi Draunidalo	10		4	7	1	2
Mr. Saubulinayau	10		10	7		7
Mr. Peni Gavidi	10		10	7		7
Mr Akapusi Tuifagalele	10		10	7		7
Mr. Aisake Taito	10	3	7	7	2	5
Mr. Noa Seru	10		3	7	1	1
Mr. Matai Korosaya	10	5	5	7	2	5
Mr. Tomi Finau	10		6	7		4
Mr. Watisoni Nata	10		3	7	1	3
Mr. Viliame Leqa	10	1	5	7	1	3

	Human Resources Subcommittee			Properties		
	Held	No. Of Meetings apology given	Attended	Held	No. Of Meetings apology given	Attended
Adi Koila Nailatikau	2		1	19	5	11
Jiu Daunivalu	2		2	19	1	3
Bulou Gavidi Draunidalo	2			19	2	10
Mr. Saubulinayau	2		2	19		19
Mr. Peni Gavidi	2		1	19		18
Mr Akapusi Tuifagalele	2		2	19		19
Mr. Aisake Taito	2	1	1	19	1	18
Mr. Noa Seru	2	1		19	2	1
Mr. Matai Korosaya	2		1	19	7	6
Mr. Tomi Finau	2			19	1	11
Mr. Watisoni Nata	2		1	19		7
Mr. Viliame Leqa	2			19	1	11

	Governance			ICT Subcommittee		
	Held	No. Of Meetings apology given	Attended	Held	No. Of Meetings apology given	Attended
Adi Koila Nailatikau	2	2				
Jiu Daunivalu	2					
Bulou Gavidi Draunidalo	2	2				
Mr. Saubulinayau	2		2	3		2
Mr. Peni Gavidi	2		2	3		1
Mr Akapusi Tuifagalele	2		2	3		3
Mr. Aisake Taito	2	2		3		3
Mr. Noa Seru	2			3		3
Mr. Matai Korosaya	2	2				
Mr. Tomi Finau	2		2			
Mr. Watisoni Nata	2			3		1
Mr. Viliame Leqa	2		2			

Directors board meeting at Yatu Lau head office in Suva

Yatu Lau Company Limited and Subsidiary

Consolidated Financial Statements
For the Year Ended 31 December 2022

Table of Contents

DIRECTOR'S REPORT for the year ended 31 December 2022

In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of Yatu Lau Company Limited (the Company) as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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:
Meli Saubulinayau - Chairman
Adi Koila Mara Nailatikau
Akapusi Tuifagalele
Aisake Taito
Peni Gavidi
Tomi Finau (elected on 30 June 2022)
Bulou Gavidi Draunidalo (elected on 30 June 2022; resigned 16 November 2022)
Viliame Leqa (elected on 30 June 2022)
Noa Seru (resigned on 11 May 2022)
Jiu Daunivalu (retired on 30 June 2022)
Watisoni Nata (retired on 30 June 2022)
Matai Korosaya

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 in the previous year were of equity investments and property development. The subsidiary company was deemed to have been deregistered as of 31 December 2021. Accordingly, the results for the current financial year report financial statements of the Company only.

RESULTS

Operating profit

The operating profit before tax and changes in fair value of investment properties was $1,229,262 (2021: $718,210). The net profit after income tax and fair value gain of investment properties for the year was $4,977,061 (2021: $778,866) after providing for income tax expense of $759,185 (2021: income tax benefit $14,109).
The subsidiary company was deregistered as of 31 December 2021 and the subsidiary's net assets were disposed from the consolidated accounts. The net impact of the disposal on the parent company was nil. The Group's profit for the year ended 31 December 2021 was $776,866.

DIVIDENDS

On 30 May 2023, the Directors declared a final dividend of $295,099 for the year (2021: $54,521) and an interim dividend of $205,000 for the 2023 financial year to be paid out in December 2023.

RESERVES

The Directors recommend that no transfer be made to reserves.

GOING CONCERN

The Directors of the Company believe that the basis of preparation of the financial statements is appropriate and that the Company will be able to conduct its normal operations in the next twelve months. At 31 December 2022, the Company recorded an unfavourable working capital position of $1,031,280 (2021: $543,096). The Directors and the management have a plan to address this deficiency which includes managing future rental revenue to meet debt repayments and operational costs. During the year, the Company secured additional debt financing to refurbish its properties with the aim of improving profitability.

BAD DEBTS AND ALLOWANCE FOR IMPAIRMENT LOSS

Prior to the completion of the Company's financial statements, the Directors took reasonable steps to ascertain that action had been taken in relation to writing off 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, inadequate to any substantial extent.

NON-CURRENT ASSETS

Prior to the completion of the financial statements of the Company, the Directors took reasonable steps to ascertain whether any non-current assets were unlikely to be realised in the ordinary course of business compared to their values as recorded in the accounting records of the Company. 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.

DIRECTOR'S REPORT for the year ended 31 December 2022

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

UNUSUAL TRANSACTIONS

In the opinion of the Directors, the results of the operations of the Company 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 in the current financial year, other than those reflected in the financial statements.

OTHER CIRCUMSTANCES

As at the date of this report:

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

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

(iii) no contingent liabilities or other liabilities of the Company 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 financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

DIRECTORS' BENEFITS

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

AUDITOR INDEPENDENCE

The Directors have obtained an independence declaration from the Company's auditor, Ernst & Young. A copy of the auditor's independence declaration is set out in the Auditor's Independence Declaration to the Directors of Yatu Lau Company Limited on page 6.

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

Dated this 5th day of June 2023.

Meli Saubulinayau
Chairman

DIRECTOR'S DECLARATION for the year ended 31 December 2022

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 for the financial year ended 31 December 2022:

(i) give a true and fair view of the financial position of the Company as at 31 December 2022 and of the performance of the Company for the year ended 31 December 2022; 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 5th day of June 2023.

Meli Saubulinayau
Chairman

EY
Building a better working world

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 2022, I declare to the best of my knowledge and belief, there have been:

(a) No contraventions of the auditor independence requirements of the Companies Act 2015 in relation to the audit; and
(b) No contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young
Chartered Accountants

Sikeli Tuinamuana
Partner
Suva, Fiji

5th June 2023

EY
Building a better working world

INDEPENDENT AUDITOR'S REPORT to the Shareholders of Yatu Lau Company Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Yatu Lau Company Limited (the Company), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects the financial position of the Company as at 31 December 2022, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 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.

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 2022 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.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, 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 FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 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 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.

Building a better working world

INDEPENDENT AUDITOR'S REPORT to the Shareholders of Yatu Lau Company Limited

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

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

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

5th June 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the Year Ended 31 December 2022

	Notes	Company		Group
		2022	2021	2021
		$	$	$
Revenue				
Rental income	2(a)	3,405,458	3,025,742	3,025,742
Hotel revenue	2(b)	1,352,484	910,297	910,297
		4,757,942	3,936,039	3,936,039
Other revenue				
Other income		9,296	1,843	1,843
Total revenue		4,767,238	3,937,882	3,937,882
Expenses				
Property maintenance expenses	3(a)	(716,094)	(639,031)	(639,031)
Hotel operating expense	3(a)	(1,211,324)	(928,279)	(928,279)
Administration expenses	3(a)	(842,571)	(717,157)	(719,157)
Finance costs	3(b)	(767,987)	(935,205)	(935,205)
Total expense		(3,537,976)	(3,219,672)	(3,221,672)
Profit from operations		**1,229,262**	**718,210**	**716,210**
Change in fair value of investment properties	9	4,506,984	46,547	46,547
Profit before income tax		**5,736,246**	**764,757**	**762,757**
Income tax (expense)/ benefit	4	(759,185)	14,109	14,109
Net profit for the year		**4,977,061**	**778,866**	**776,866**
Other comprehensive income				
Revaluation of land and buildings	26	286,591	3,320	3,320
Income tax effect	4	(51,586)	(664)	(664)
Total comprehensive income, net of tax		**5,212,066**	**781,522**	**779,522**
Attributable to:				
Equity holders of the Company		5,212,066	781,522	
Earnings per share				
Basic and diluted earnings per share	16	0.54	0.08	

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY for the Year Ended 31 December 2022

	Notes	Company		Group
		2022	2021	2021
		$	$	$
Share capital				
At 1 January		9,238,671	9,188,353	9,188,353
Movement during the year		-	50,318	50,318
At 31 December	15	9,238,671	9,238,671	9,238,671
Capital reserve				
At 1 January		396,635	396,635	396,635
At 31 December		396,635	396,635	396,635
Investment revaluation reserve				
At 1 January		-	-	32,964
At 31 December		-	-	32,964
Asset revaluation reserve				
At 1 January		8,845,295	8,842,639	8,842,639
Movement during the year		235,005	2,656	2,656
At 31 December	26	9,080,300	8,845,295	8,845,295
Retained earnings				
At 1 January		28,323,671	27,544,805	27,744,114
Operating profit after income tax		4,977,061	778,866	776,866
At 31 December		33,300,732	28,323,671	28,520,980
		52,016,338	**46,804,272**	**47,034,545**

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

STATEMENT OF FINANCIAL POSITION as at 31 December 2022

	Notes	Company		Group
		2022	2021	2021
Assets		$	$	$
Current assets				
Cash and cash equivalents	5	507,114	573,574	573,574
Trade and other receivables	6	379,181	368,809	368,809
Other assets	7	-	14,300	14,300
Inventories	8	2,403	4,251	4,251
		888,698	**960,934**	**960,934**
Non-current assets				
Investment properties	9	51,163,872	45,925,852	45,925,852
Financial assets	10(a)	-	-	282,965
Property, plant and equipment	11	22,659,222	21,096,755	21,096,755
Deferred tax assets	4	181,972	268,893	268,893
		74,005,066	67,291,500	67,574,465
Total assets		**74,893,764**	**68,252,434**	**68,535,399**
Current liabilities				
Trade and other payables	12	369,504	581,200	633,892
Interest-bearing borrowings	13	1,502,002	871,611	871,611
Employee benefit liability	14	36,418	36,284	36,284
Current tax liability		12,054	14,935	14,935
		1,919,978	**1,504,030**	**1,556,722**
Non-current liabilities				
Trade and other payables	12	424,734	445,881	445,881
Interest-bearing borrowings	13	14,713,252	14,387,788	14,387,788
Deferred tax liability	4	5,819,462	5,110,463	5,110,463
		20,957,448	19,944,132	19,944,132
Total liabilities		**22,877,426**	**21,448,162**	**21,500,854**
Net assets		**52,016,338**	**46,804,272**	**47,034,545**
Shareholders' equity				
Share capital	15	9,238,671	9,238,671	9,238,671
Capital reserve		396,635	396,635	396,635
Investment revaluation reserve		-	-	32,964
Asset revaluation reserve	26	9,080,300	8,845,295	8,845,295
Retained earnings		33,300,732	28,323,671	28,520,980
Total shareholders' equity		**52,016,338**	**46,804,272**	**47,034,545**

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

STATEMENT OF CASH FLOWS for the year ended 31 December 2022

	Notes	Company		Group
		2022	2021	2021
			$	$
Operating activities				
Receipts from tenants and customers		5,040,336	3,767,401	3,767,401
Payments to suppliers and employees		(3,106,950)	(1,884,628)	(1,884,628)
Cash generated from operations		1,933,386	1,882,773	1,882,773
Income tax paid		(17,732)	(41,376)	(41,376)
Interest paid		(767,987)	(935,205)	(935,205)
Net cash provided by operating activities		**1,147,667**	**906,192**	**906,192**
Investing activities				
Payments for property, plant and equipment		(1,408,482)	(226,564)	(226,564)
Payments for investment properties		(731,036)	(183,345)	(183,345)
Net cash used in investing activities		**(2,139,518)**	**(409,909)**	**(409,909)**
Financing activities				
Proceeds from borrowings		1,995,970	-	-
Repayment of borrowings		(1,093,194)	(383,931)	(383,931)
Dividends paid		(30,464)	-	-
Net cash from/(used in) financing activities		**872,312**	**(383,931)**	**(383,931)**
Net (decrease)/increase in cash and cash equivalents		**(119,539)**	**112,352**	**112,352**
Cash and cash equivalents at 1 January		573,574	461,222	461,222
Cash and cash equivalents at 31 December	5	**454,035**	**573,574**	**573,574**

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

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 2022 were authorised for issue in accordance with a resolution of the Directors on 30 May 2023. 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 financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis, except for investment properties and available-for-sale financial assets that have been measured at fair value.

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 financial statements comprise the financial statements of Yatu Lau Company Limited as at 31 December 2022. For the year ended 31 December 2021, the financial statements comprise the financial statements of the company and its subsidiary Yatu Lau Property Development Limited. The subsidiary was deemed to have been deregistered by the Registrar of Companies as of 31 December 2021. Accordingly, the assets and liabilities of the subsidiary were derecognised and consolidated financial statements were not required for 31 December 2022.

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. As indicated earlier, consolidation ceased on 31 December 2021, being the date the subsidiary was deemed to have been disposed. 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 2022. These amendments did not have an impact on the Group.

- Amendments to IAS 37 – Onerous Contracts: — Cost of Fulfilling a Contract;
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use;
- AIP (2018-2020 cycle): IFRS 9 Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities; and
- Amendments to IFRS 3 – Reference to the Conceptual Framework.

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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

1.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

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	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	1 January 2023

1.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgments

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

Estimations and assumptions

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

Impairment of non-financial assets

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

Impairment losses on receivables

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

Valuation 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 2022. 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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

1.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS(Continued)

Deferred tax liabilities (Continued)

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.

Application of IFRS 16 - Leases

The application of IFRS 16 requires the Company to make judgements and estimates that affect the measurement of right-of-use assets and liabilities. In determining the lease term, management must consider all facts and circumstances that create an economic incentive to exercise renewal options (or not exercise termination options). Assessing whether a contract includes a lease also requires judgement. Estimates are required to determine the appropriate discount rate used to measure liabilities.

1.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial instruments

i) Recognition and measurement

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

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

ii) Classification and measurement

Financial assets

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

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

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

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

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

Financial assets: Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- 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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

1.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets: Business model assessment (Continued)
ii) Classification and measurement (continued)
Financial assets: Business model assessment (continued)

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

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

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

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

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

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

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

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

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

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

(b) 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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

1.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
(b) Current versus non-current classification (Continued)

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.

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 A3 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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

1.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
(c) Impairment (Continued)
(b) Current versus non-current classification (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

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.

(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

1.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred tax (Continued)

- 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

1.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

2. REVENUE

	Company		Group
	2022	2021	2021
	$	$	$
(a) Rental income			
Amy Street	-	1,551	1,551
Arts Village	584,687	433,969	433,969
Berry Road	62,988	65,500	65,500
Dinem House	555,056	555,056	555,056
Lagoon	50,833	47,456	47,456
Total House	89,000	89,000	89,000
Waimanu Road	207,000	207,000	207,000
Yatu Lau Arcade	1,855,894	1,626,210	1,626,210
	3,405,458	3,025,742	3,025,742
(b) Hotel revenue	$	$	$
Accommodation sales	1,097,243	838,037	838,037
Conference sales	176,404	40,303	40,303
Food and beverage	50,170	5,855	5,855
Miscellaneous	28,667	26,102	26,102
	1,352,484	910,297	910,297

3. EXPENSES

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

	$	$	$
(a) Operating expenses			
Auditor's remuneration - audit services	15,750	15,750	17,750
Auditor's remuneration - other services	10,731	9,176	9,176
Internal audit	16,482	-	-
Depreciation	132,019	165,524	165,524
Directors' fees	50,767	41,674	41,674
Directors and officers liability insurance	7,454	6,982	6,982
Expected credit loss	255,589	210,853	210,853
Fiji National University levy	7,813	5,003	5,003
Fiji National Provident Fund contributions	37,391	24,684	24,684
Fringe benefit tax	1,049	939	939
Insurance	256,908	215,926	215,926
Motor vehicle expenses	22,196	9,738	9,738
Other expenses	837,131	793,535	793,535
Postage and stationery	44,760	23,057	23,057
Repairs and maintenance	159,871	33,983	33,983
Salaries, wages, bonus and allowances	712,949	530,705	530,705
Security costs	130,430	124,730	124,730
Telephone and internet	40,326	48,668	48,668
Travelling and accommodation	30,373	23,540	23,540
	2,769,989	2,284,467	2,286,467

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

	Company		Group
	2022	2021	2021
3. EXPENSES	$	$	$
(a) Other expenses is further analysed as:			
Advertising expense	12,542	8,411	8,411
Amortisation expense	587	1,184	1,184
Annual leave	134	6,624	6,624
Bank fees	51,539	96,560	96,560
Board meeting expenses	7,971	10,023	10,023
Cleaning expenses	137,177	90,468	90,468
Cost of goods sold:			
- Lagoon	13,965	1,062	1,062
- Studio 6	13,387	11,518	11,518
Commission expense	973	1,047	1,047
Computer expenses	3,945	4,072	4,072
Consultancy fees	66,177	23,542	23,542
Donation expense	2,950	1,617	1,617
Entertainment expense	13,384	11,377	11,377
Fire service expense	16,889	16,092	16,092
General expense	28,394	3,963	3,963
Hotel expenses	15,511	8,954	8,954
Hotel - guest entertainment expense	1,520	295	295
Licence and rates expenses	134,818	170,902	170,902
Property related legal fees	2,695	18,314	18,314
Staff meeting expenses	42	3,608	3,608
Staff safety expense	184	4,546	4,546
Staff training expense	4,656	289	289
Sub committee meetings	32,743	25,713	25,713
Utilities expenses:			
- Electricity	160,199	148,765	148,765
- Gas	-	1,901	1,901
- Water	84,447	69,948	69,948
Valuation expense	1,583	24,875	24,875
Waste removal	27,926	27,865	27,865
Workers compensation	793	-	-
	837,131	793,535	793,535
(b) Finance expense			
Interest on borrowings	767,987	935,205	935,205

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

4. INCOME TAX EXPENSE

	Company		Group
	2022	2021	2021
	$	$	$
Operating profit before tax	5,736,246	764,757	762,757
Prima facie tax thereon at 20%	1,147,249	152,951	152,551
Non-deductible items	(31,525)	(24,849)	(24,449)
Changes in deferred tax balances	(315,003)	(134,524)	(134,524)
Utilisation of tax losses previously not recognised	(23,156)	-	-
Others	(18,380)	(7,687)	(7,687)
Income tax benefit reported in the statement of profit or loss and other comprehensive income	759,185	(14,109)	(14,109)
Deferred tax related to items charged or credited directly to OCI during the year:			
Net gain on revaluation of buildings	51,586	664	664
Income tax charged directly to other comprehensive income	51,586	664	664
Net deferred liability at 31 December relates to the following:			
Deferred tax assets/(liability)			
Allowance for expected credit loss	174,688	261,636	261,636
Provision for employee entitlements	7,284	7,257	7,257
Accelerated depreciation and revaluation increments	(5,819,462)	(5,110,463)	(5,110,463)
	(5,637,490)	(4,841,570)	(4,841,570)
Reflected in the statement of financial position as follows:			
Deferred tax assets	181,972	268,893	268,893
Deferred tax liability	(5,819,462)	(5,110,463)	(5,110,463)
Net deferred tax liability	(5,637,490)	(4,841,570)	(4,841,570)

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
Cash at bank	504,814	571,274	571,274
Cash and cash equivalents	507,114	573,574	573,574
For the purposes of the statement of cash flows, cash and cash equivalents comprise cash above net of bank overdraft.			
Cash and cash equivalents	507,114	573,574	573,574
Bank overdraft	(53,079)	-	-
Total cash and cash equivalents	454,035	573,574	573,574

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

6. TRADE AND OTHER RECEIVABLES

	Company 2022 $	Company 2021 $	Group 2021 $
Current			
Trade receivables	612,105	941,811	941,811
Less: allowance for expected credit loss	(367,389)	(655,459)	(655,459)
Total trade receivables	244,716	286,352	286,352
Prepayments	70,133	18,125	18,125
Deposits	64,332	64,332	64,332
Other receivables	302,129	297,529	297,529
Less: allowance for expected credit loss	(302,129)	(297,529)	(297,529)
Total other receivables	134,465	82,457	82,457
Total trade and other receivables	379,181	368,809	368,809

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	952,988	793,433	793,433
(Reduction)/additional provision	(283,470)	159,555	159,555
At 31 December	669,518	952,988	952,988

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		$	$	$	$	$
	2022	612,105	96,723	59,374	-	456,008
	2021	941,811	143,209	56,102	9,174	733,326

7. OTHER ASSETS

		$	$	$
Staff advances	(a)	108,361	113,568	113,568
Less: allowance for expected credit loss		(108,361)	(101,270)	(101,270)
Advances:				
Shareholder advances	(b)	43,904	46,345	46,345
Less: allowance for expected credit loss		(43,904)	(44,343)	(44,343)
Advances to associate company	(b)	50,958	50,958	286,557
Less: allowance for expected credit loss	(b)	(50,958)	(50,958)	(286,557)
Advances to subsidiary company	(b)	-	157,623	-
Less: allowance for expected credit loss		-	(157,623)	-
Share deposit				
Bua Investments		1,000	1,000	1,000
Less: allowance for expected credit loss		(1,000)	(1,000)	(1,000)
		-	14,300	14,300

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

	$	$	$
At 1 January	355,194	303,896	330,914
Write-offs	(157,623)	-	-
Additional provision	6,652	51,298	51,298
At 31 December	204,223	355,194	382,212

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

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.

8. INVENTORIES

	Company		Group
	2022	2021	2021
	$	$	$
Consumables and merchandise	2,403	4,251	4,251

9. INVESTMENT PROPERTIES

	$	$	$
At 1 January	45,925,852	45,695,960	45,695,960
Additions from capital expenditure	731,036	183,345	183,345
Net gain from fair value adjustments	4,506,984	46,547	46,547
At 31 December	51,163,872	45,925,852	45,925,852

The investment properties are stated at fair value based on independent valuations at open market value prepared on February 2023 by registered valuer Rolle Associates. The valuation has been adopted as at 31 December 2022.

Investment properties have been pledged as security to Bank of the South Pacific for borrowings from those banks.

10. FINANCIAL ASSETS

		$	$	$
(a) Financial assets				
Investments				
Investment in associates	(i)	150,000	150,000	432,965
Less: provision for impairment		(150,000)	(150,000)	(150,000)
		-	-	282,965
Investment in subsidiary				
Yatu Lau Property Development Limited		-	239,327	-
Less: provision for impairment		-	(239,327)	-
		-	-	-
Total financial assets		**-**	**-**	**282,965**
Reconciliation for financial assets for associates companies				
At 1 January		-	-	282,965
At 31 December		-	-	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 incorporation	Ordinary shares		% Shareholding	
Company		2022	2021	2022	2021
		$	$	$	$
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.

11. PROPERTY, PLANT AND EQUIPMENT

Group:	Freehold land	Building	Furniture, fittings and equipment	Motor vehicles	Work in progress	Total
Valuation/cost	$	$	$	$	$	$
At 1 January 2021	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 2021	-	-	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**
Company:						
Valuation/cost	$	$	$	$	$	$
At 1 January 2021	3,545,000	16,919,039	2,673,632	191,005	211,799	23,540,475
Net additions/(disposals)	-	-	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**
Net additions/(disposals)	-	-	138,235	-	762,411	900,646
Reclassification	-	507,250	-	-	-	507,250
Revaluation	-	286,590	-	-	-	286,590
At 31 December 2022	**3,545,000**	**17,716,199**	**2,871,458**	**191,005**	**1,141,183**	**25,464,845**
Depreciation						
At 1 January 2021	-	-	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**
Depreciation charge for the year	-	-	118,007	14,012	-	132,019
At 31 December 2022	**-**	**-**	**2,614,618**	**191,005**	**-**	**2,805,623**
Net book value						
At 31 December 2022	**3,545,000**	**17,716,199**	**256,840**	**-**	**1,141,183**	**22,659,222**
At 31 December 2021	**3,545,000**	**16,922,359**	**236,612**	**14,012**	**378,772**	**21,096,755**

The Group's land and building are stated at fair value based on independent valuations prepared on February 2023 by registered valuer Rolle Associates. The valuations has been adopted by the directors as at 31 December 2022.

Land and building have been pledged as security to Bank of South Pacific for term loans and bank overdraft facilities.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

12. TRADE AND OTHER PAYABLES

		Company		Group
		2022	2021	2021
		$	$	$
Current				
Payable to Benatil Limited		-	-	47,942
Trade payables and accruals	(a)	334,952	524,647	529,397
Rent received in advance		51,100	51,100	51,100
Environmental levy		(2,143)	1,891	1,891
Value Added Tax payable		(14,405)	3,562	3,562
		369,504	581,200	633,892
Non-current				
Dividends payable	(b)	57,679	88,143	88,143
Rental deposits		367,055	357,738	357,738
		424,734	445,881	445,881
Total trade and other payables		794,238	1,027,081	1,079,773

(a) Trade payables are non-interest-bearing and normally settled on 30-60 day terms.
(b) Dividends payable include dividends declared for current and previous years which have yet to be paid or collected.

13. INTEREST-BEARING BORROWINGS

	Company		Group
	2022	2021	2021
	$	$	$
Current			
Bank overdraft	53,079	-	-
Term loans	1,448,923	871,611	871,611
	1,502,002	871,611	871,611
Non-current			
Term loans	14,713,252	14,387,788	14,387,788
Total interest-bearing borrowings	16,215,254	15,259,399	15,259,399

Particulars relating to secured borrowings:
The bank overdraft and term loan facilities are with Bank of South Pacific at a rate of 4.25% per annum effective from 1 September 2022 (2021: 5.25%), secured by the following:

- First Registered General Security Interest Agreement (secured to cover advances up to $32 million to cover peak debt level) 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);
- First Registered Mortgage 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, commonly known as 'Yatu Lau Building';

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

13. INTEREST-BEARING BORROWINGS (continued)

Particulars relating to secured borrowings (continued)

- First Registered Mortgage 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, commonly known as 'Dinem House';
- First Registered Mortgage 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 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, known as PEACE CORP Building;
- First Registered Mortgage 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, known as TOTAL HOUSE;
- First Registered Mortgage 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 (property is situated at Beverly Hill Estate, Votualevu, Nadi);
- First Registered Mortgage 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 (property is situated at Fairway Place, Pacific Harbour, Deuba);
- First Registered Mortgage given by Yatu Lau Company Limited over commercial property comprised in Certificate of Title No. 9813, Lot 11 on Deposited Plan 2401 situated at Queens Road, Pacific Harbour, Deuba);
- First Registered Mortgage 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 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, commonly known as 'Arts Village');
- First Registered Mortgage 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
- First Registered Specific Security Interest Agreement (formerly Assignment) over the rental proceeds from all properties under Yatu Lau Company Limited.

14. EMPLOYEE BENEFIT LIABILITY

	Company		Group
	2022	2021	2021
	$	$	$
Annual leave	36,418	36,284	36,284

15. SHARE CAPITAL

	Company		Group
	2022	2021	2021
	$	$	$
Issued and paid up capital			
4,495,561 A class ordinary shares	5,586,621	5,586,621	5,586,621
3,652,050 B class ordinary shares	3,652,050	3,652,050	3,652,050
	9,238,671	9,238,671	9,238,671

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 financial year 2021, the Board approved the capitalization of $50,318 of dividends as A class ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

16. EARNING PER SHARE

	Company	
	2022	2021
	$	$
Net profit for the year	4,977,061	778,866
Weighted average number of ordinary shares	9,238,671	9,238,671
Basic and diluted earnings per shares	0.54	0.08

17. COMMITMENTS

	Company	
	2022	2021
	$	$
Capital expenditure		
- Approved by the Board and committed	3,627,861	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:

	Company		Group
	2022	2021	2021
	$	$	$
Within one year	3,688,627	3,288,932	3,288,932
Later than one year but less than two years	3,688,627	3,288,932	3,288,932
Later than two years but less than five years	7,377,254	6,577,864	6,577,864
	14,754,508	13,155,728	13,155,728

19. CONTINGENT LIABILITIES

Contingent liabilities at balance date amounted to Nil (2021: 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	-

As at 31 December 2021, the subsidiary company was deemed to have been deregistered. Consequently, the investment has been derecognised at balance date. The net impact of the derecognition is nil as the investment was fully provided for as impaired in previous financial years.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

21. SEGMENT INFORMATION

(a) Operating segment

31 December 2022	Hotel	Property	Unallocated/ Elimination	Consolidated
	$	$	$	$
Revenue				
External sales	1,352,484	3,405,458	-	4,757,942
Fair value gain	-	4,506,984	-	4,506,984
Other revenue	-	-	9,296	9,296
	1,352,484	7,912,442	9,296	9,274,222
Results				
Segment result	141,160	7,196,348	9,296	7,346,804
Unallocated expenses	-	-	(842,571)	(842,571)
Profit from operating activities	141,160	7,196,348	(833,275)	6,504,233
Finance costs (net)	-	-	(767,987)	(767,987)
Profit before income tax	141,160	7,196,348	(1,601,262)	5,736,246
Income tax expense	-	-	(759,185)	(759,185)
Net profit	141,160	7,196,348	(2,360,447)	4,977,061

31 December 2021	Hotel	Property	Unallocated/ Elimination	Consolidated
	$	$	$	$
Revenue				
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

Segment assets and liabilities

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

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:

Meli Saubulinayau - Chairman

Adi Koila Mara Nailatikau

Akapusi Tuifagalele

Aisake Taito

Peni Gavidi

Tomi Finau (elected on 30 June 2022)

Bulou Gavidi Draunidalo (elected on 30 June 2022; resigned 16 November 2022)

Viliame Leqa (elected on 30 June 2022)

Noa Seru (resigned on 11 May 2022)

Jiu Daunivalu (retired on 30 June 2022)

Watisoni Nata (retired on 30 June 2022)

Matai Korosaya

(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
Akapusi Tuifagalele	Managing Director, January - December 2022

(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 2022 and 2021 with approximate transaction values are summarised as follows:

Name	Relationship	Nature of transaction	2022	2021
			$	$
Lau Provincial Council		Shareholder	-	-

(ii) Dividends were paid to number of entities related to directors, or entities, districts 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
Lau Shipping Limited	Shareholder	50,958	50,958
Oneata Island Holding Limited	Shareholder	20,150	20,389
		79,397	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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

(a) Market risk

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

(i) Foreign exchange risk

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

(ii) Price risk

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

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

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

(iii) Interest rate risk

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

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

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

31 December 2022	Less than 1 year	2 years and over	Total
	$	$	$
Secured financial liabilities			
Bank overdraft (Note 13)	53,079	-	53,079
Bank loans (Note 13)	1,448,923	14,713,252	16,162,175
31 December 2021			
Financial liabilities			
Bank loans (Note 13)	871,611	14,387,788	15,259,399

(b) Credit risk management

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

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

(c) Fair value of financial instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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 2022	Less than 1 year	2 years and over	Total
	$	$	$
Financial assets:			
Cash and cash equivalents	507,114	-	507,114
Trade and other receivables	379,181	-	379,181
	886,295	-	886,295
Financial liabilities:			
Trade and other payables	369,504	445,881	815,385
Interest-bearing borrowings	1,502,002	14,713,252	16,215,254
	1,871,506	15,159,133	17,030,639

The Company has significant investment properties which it can realise to address the liquidity constraints. In prior year, the Company refinanced its debt to BSP Bank and obtained favourable repayment terms. During the year, the Company was able to secure additional debt finance from BSP Bank to refurbish its properties

Capital risk management

The Company's objectives when managing capital are to safeguard the Company'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 Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Company 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.

The gearing ratios at 31 December were as follows:	2022	2021
	$	$
Total borrowings including bank overdraft (Note 13)	16,215,254	15,259,399
Trade and other payables	794,238	1,027,081
Less: cash and cash equivalents (Note 5)	(507,114)	(573,574)
Net debt	16,502,378	15,712,906
Total equity	52,016,338	46,804,272
Total capital (total equity plus net debt)	68,518,716	62,517,178
Gearing ratio % (net debt/total capital)	24%	25%

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

25. SUBSEQUENT EVENTS

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

26. ASSET REVALUATION RESERVE

	Company		Group
	2022	2021	2021
	$	$	$
Balance at 1 January	8,845,295	8,842,639	8,842,639
Revaluation reserve surplus	286,591	3,320	3,320
Income tax effect (Note 4)	(51,586)	(664)	(664)
Balance at 31 December	9,080,300	8,845,295	8,845,295

27. GOING CONCERN

The Directors of the Company believe that the basis of preparation of the financial statements is appropriate and that the Company will be able to conduct its normal operations in the next twelve months. At 31 December 2022, the Company recorded an unfavourable working capital position of $1,031,280 (2021: $543,096). The Directors and the management have a plan to address this deficiency which includes managing future rental revenue to meet debt repayments and operational costs. During the year, the Company secured additional debt financing to refurbish its properties with the aim of improving profitability.

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

29. COMPANY DETAILS

Company incorporation

The Company was 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 are located at:

Yatu Lau Arcade
64 - 78 Rodwell Road
Suva