

**SOUTH PACIFIC BUSINESS DEVELOPMENT  
MICROFINANCE (FIJI) PTE (LTD)**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE (FIJI) PTE (LTD)**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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## DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the statement of financial position of South Pacific Business Development Microfinance (Fiji) Pte (Ltd) (the company) as at 31 December 2021, the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended on that date and report as follows:

### Directors

The names of the directors in office at the date of this report are:

Gregory F Casagrande  
James Young

Elrico Munoz  
Lorraine Seeto

### Principal Activities

The principal activities of the company during the year were to provide financial assistance to economically disadvantaged people particularly women who cannot easily access savings and loan products from traditional banks and maintaining money savings account.

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

### Results

The profit after income tax for the year was \$42,939 (2020: \$284,798).

### Dividends

The directors recommend that no amounts be paid by way of dividends for the year ended 31 December 2021.

### Going Concern Basis of Accounting

Notwithstanding the recent novel coronavirus (COVID-19) outbreak and significant economic uncertainties resulting there from and company's net liability position and accumulated losses, the financial statements have been prepared on a going concern basis. The directors consider the application of the going concern principle to be appropriate in the preparation of the financial statements on the basis that the company will continue to receive financial support and other ongoing support from the founder of the company and the holding company, South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited and lenders of the company which will enable the company to meet its funding requirements for operations and to meet its obligations as and when they fall due.

Furthermore, the directors believe that the company has plans and strategies to generate adequate profit and cash flows from its operations, and together with the financial and other support of the founder of the company and the holding company and lenders of the company, the company will be able to continue in operation for at least 12 months from the date of this financial statements and the classification and carrying amounts of assets and liabilities as stated in these financial statements are appropriate.

### Current and Non-Current Assets

Prior to the completion of the company's financial statements, the directors took reasonable steps to ascertain whether any current and non-current assets were unlikely to realise in the ordinary course of business their values as shown 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.

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

**DIRECTORS' REPORT [CONT'D]****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 has been taken in relation to writing off of loan loss and the making of allowance for impairment loss. In the opinion of the directors and the management, adequate allowance has been made for loan loss.

As at the date of this report, the directors are not aware of any circumstances, which would render the amount written off for impairment loss, or the allowance for impairment loss in the company, inadequate to any substantial extent.

**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 the matter discussed under Significant Events During the Year.

**Significant Events During the Year**

During the year:

- a) The second wave of novel coronavirus (COVID-19) outbreak developed during the earlier part of year presents a significant challenge for the company and its members. The lock-down of areas, stoppage of the passenger interisland vessels and nationwide curfew and other Government measures to isolate areas and restrict movements had an impact on carrying the regular field and branch operations of the company. The field operations was on hold from April to September 2021 and recommenced from October 2021.

The company responded to the risk of potential deterioration in its loan portfolio by providing members with 7 month grace period from April 2021 to October 2021 on the repayment of the principal. Members were charged 0.5% per week loan extension interest on their loans.

Additionally, members have been provided with COVID-19 Online Relief Loan who had no existing loan, which can be used for business expansion, utility payments, food security and medical needs. This is payable over 50 weeks with add-on interest of 20% per annum. Members are required to lock-in their savings equivalent to one third of the loan amount in applying loans under this scheme.

- b) In December 2020, Tropical Cyclone Yasa hit Fiji and severely affected certain parts of the Northern division of Fiji and various outer Islands. As a consequence, large number of members of the company having their business in this part of Fiji have been significantly affected. Members who have lost homes or business have been provided with TC Yasa rehabilitation loan which is payable over 50 weeks with add-on interest of 20%. Members are required to lock-in their savings equivalent to one third of the loan amount.
- c) The holding company has extended the loan repayment terms for certain principal loan due for repayment in 2021 by way of restructuring these loans.

With the support of the above initiatives together with the support from the holding company and loan from funders and other strategies implemented by the company, there has been a minimal impact to the loan portfolio and the loss incurred by the company as result of these events.

**DIRECTORS' REPORT [CONT'D]**

**Events Subsequent to Balance Date**

Except for the continuing impact of COVID-19 pandemic into 2022 financial year, no other matters or circumstance have arisen since the end of the financial year which would require adjustment to, or disclosure 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.

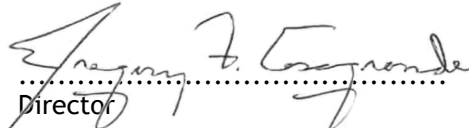
As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the company's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the company misleading or inappropriate.

**Directors' Benefits**

Since the end of the previous financial year, no directors have received or become entitled to the 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 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/she is a member, or with a company in which he/she has a substantial financial interest.

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

Dated this 16th day of May 2022.

  
.....  
Director

.....  
Director

**DIRECTORS' DECLARATION**

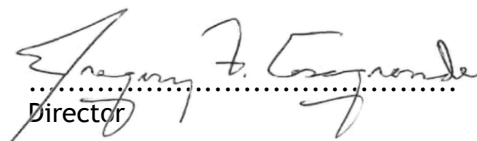
The declaration by directors is required by the Companies Act, 2015.

The directors of the company have made a resolution that declares:

- a) In the opinion of the directors, the financial statements of the company for the financial year ended 31 December 2021:
  - i. comply with the International Financial Reporting Standards and give a true and fair view of the financial position of the company as at 31 December 2021 and of the performance and cash flows of the company for the year ended 31 December 2021; and
  - ii. have been prepared in accordance with the Companies Act, 2015;
- b) The directors have received independence declaration by auditors as required by Section 395 of the Companies Act, 2015; and
- c) At the date of this declaration, in the opinion of the directors, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Dated this 16 day of May 2022.

  
.....  
Director

.....  
Director

**AUDITOR'S INDEPENDENCE DECLARATION**

As auditor for the audit of South Pacific Business Development Microfinance (Fiji) Pte (Ltd) for the financial year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

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

**Wathsala Suraweera**  
Partner  
Suva, Fiji

**BDO**  
**CHARTERED ACCOUNTANTS**

\_\_\_\_\_2022

**To the Shareholders of South Pacific Business Development Microfinance (Fiji) Pte (Ltd)****Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of the South Pacific Business Development Microfinance (Fiji) Pte (Ltd) (the company), which comprise the statement of financial position as at 31 December 2021, 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 give a true and fair view of the financial position of the company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting standards (IFRS).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountant's *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to 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 management and directors are responsible for the other information. The other information comprises of the information included in the directors' report 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 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 on 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 the Management and Those Charged with Governance for the Financial Statements**

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



**To the Shareholders of South Pacific Business Development Microfinance (Fiji) Pte (Ltd) (Cont'd)****Responsibilities of the Management and Those Charged with Governance for the Financial Statements (Cont'd)**

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

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

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

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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISA, 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.
- 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's and directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company'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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

To the Shareholders of South Pacific Business Development Microfinance (Fiji) Pte (Ltd) (Cont'd)

**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.

**BDO  
CHARTERED ACCOUNTANTS**

Wathsala Suraweera  
Partner  
Suva, Fiji

\_\_\_\_\_ 2022

**SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE (FIJI) PTE (LTD)  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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	<u>Notes</u>	<u>2021</u>	<u>2020</u>
<b>Financial Income</b>			
Development fee		\$ 124,647	136,502
Interest on loans		2,108,260	2,596,537
Membership fee		614,836	460,515
Resignation fee		5,607	10,632
Savings withdrawal and maintenance fee		175,062	196,168
		<hr/>	<hr/>
Total financial income		3,028,412	3,400,354
<b>Financial Expenses</b>			
Bank charges		(10,325)	(24,400)
Guarantee fees		(40,776)	(39,942)
Impairment loss on loans		(138,064)	(35,224)
Impairment loss on other receivables		(13,421)	-
Interest on lease liabilities		(32,906)	(41,862)
Interest and other financial charges on borrowed funds		(528,713)	(641,454)
Interest on savings deposits		(51,744)	(51,241)
		<hr/>	<hr/>
Total financial expenses		(815,949)	(834,123)
<b>Net financial income</b>		<b>2,212,463</b>	<b>2,566,231</b>
Other operating income	6	45,380	222,183
		<hr/>	<hr/>
<b>Total operating income</b>		<b>2,257,843</b>	<b>2,788,414</b>
Administration and operating expenses	7	(2,228,538)	(2,440,873)
		<hr/>	<hr/>
<b>Operating profit before income tax</b>		<b>29,305</b>	<b>347,541</b>
Income tax benefit / (expense)	8 (a)	13,634	(62,743)
		<hr/>	<hr/>
<b>Profit for the year</b>		<b>42,939</b>	<b>284,798</b>
Other comprehensive income		-	-
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		<b>\$ 42,939</b>	<b>284,798</b>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE (FIJI) PTE (LTD)**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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	<u>Share Capital</u>	<u>Accumulated Losses</u>	<u>Total</u>
	\$	\$	\$
Balance as at 1 January 2020	2,806,876	(4,589,915)	(1,783,039)
<b>Comprehensive income</b>			
Profit for the year	-	284,798	284,798
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	284,798	284,798
<b>Balance as at 31 December 2020</b>	<b>2,806,876</b>	<b>(4,305,117)</b>	<b>(1,498,241)</b>
<b>Comprehensive income</b>			
Profit for the year	-	42,939	42,939
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	42,939	42,939
<b>Balance as at 31 December 2021</b>	<b>2,806,876</b>	<b>(4,262,178)</b>	<b>(1,455,302)</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

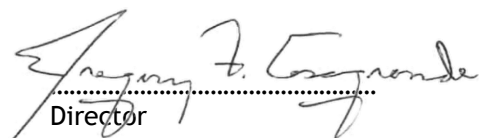
SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE (FIJI) PTE (LTD)  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021

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	Notes	2021	2020
<b>CURRENT ASSETS</b>			
Cash on hand and at bank		\$ 1,859,355	2,633,216
Loan portfolio outstanding	10	4,252,726	6,993,444
Receivables	11	127,677	158,194
Investments	17	500,000	-
Inventory		64,080	20,588
Advance tax	8(b)	17,397	-
<b>Total current assets</b>		<b>6,821,235</b>	<b>9,805,442</b>
<b>NON-CURRENT ASSETS</b>			
Investments	17	500,000	1,000,000
Deferred tax asset	8 (c)	59,211	51,948
Right-of-use assets	18	347,141	468,110
Intangible assets	12	45,183	7,774
Plant, equipment and fixtures	13	201,263	117,902
<b>Total non-current assets</b>		<b>1,152,798</b>	<b>1,645,734</b>
<b>TOTAL ASSETS</b>		<b>7,974,033</b>	<b>11,451,176</b>
<b>CURRENT LIABILITIES</b>			
Clients' savings deposits	14	2,564,667	4,023,218
Payables	15	148,669	276,843
Provisions	16	47,300	88,367
Lease liability	18	185,209	153,849
Borrowings	19	2,455,487	3,566,577
Current tax liability	8(b)	-	35,743
<b>Total current liabilities</b>		<b>5,401,332</b>	<b>8,144,597</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liability	18	211,245	368,850
Borrowings	19	3,816,758	4,435,970
<b>Total non-current liabilities</b>		<b>4,028,003</b>	<b>4,804,820</b>
<b>TOTAL LIABILITIES</b>		<b>9,429,335</b>	<b>12,949,417</b>
<b>NET LIABILITIES</b>		<b>(1,455,302)</b>	<b>(1,498,241)</b>
<b>SHAREHOLDERS' FUND</b>			
Share capital	20	2,806,876	2,806,876
Accumulated losses		(4,262,178)	(4,305,117)
<b>TOTAL SHAREHOLDERS' FUND DEFICIT</b>		<b>\$ (1,455,302)</b>	<b>(1,498,241)</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

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

  
Director

.....  
Director

**SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE (FIJI) PTE (LTD)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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	<b>2021</b>	<b>2020</b>
	<b>Inflows /</b>	<b>Inflows /</b>
	<b>(Outflows)</b>	<b>(Outflows)</b>
<b>Cash flows from operating activities</b>		
Interest, development, loan and other fees received	\$ 2,943,621	2,351,965
Loans to clients and staff	(3,163,845)	(5,002,603)
Repayments from clients and staff	5,896,150	6,452,130
Client savings deposit / (withdrawals), net	(1,458,551)	480,224
Payments to suppliers, employees and members	(2,075,345)	(2,528,950)
Income tax paid	(47,090)	-
Interest and other financial charges paid on loans and savings	(679,883)	(601,736)
Net cash generated from operating activities	<u>1,415,057</u>	<u>1,151,030</u>
<b>Cash flows from investing activities</b>		
Payments for plant, equipment and fixtures	(190,491)	(80,861)
Payment for term deposit	-	(500,000)
Proceeds from sale of fixed asset	1,900	42,291
Net cash used in investing activities	<u>(188,591)</u>	<u>(538,570)</u>
<b>Cash flows from financing activities</b>		
Payment for lease liability	(159,038)	(132,998)
Proceeds from term loans	590,817	2,218,989
Repayment of term loans	(2,432,106)	(1,000,320)
Net cash provided by / (used in) financing activities	<u>(2,000,327)</u>	<u>1,085,671</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(773,861)</b>	<b>1,698,131</b>
Cash and cash equivalents at the beginning of the year	<u>2,633,216</u>	<u>935,085</u>
<b>Cash and cash equivalents at the end of the year (Note 9)</b>	<b>\$ <u>1,859,355</u></b>	<b><u>2,633,216</u></b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

**NOTE 1. GENERAL INFORMATION**

**a) Corporate information**

South Pacific Business Development Microfinance (Fiji) Pte (Ltd) (SPBD) is a company incorporated and domiciled in Fiji.

The registered office and principal place of business of the company is located at Bidesi Building, 250 Waimanu Road, Suva.

**b) Principal Activities**

The principal activities of the company during the year were to provide financial assistance to economically disadvantaged people particularly women who cannot easily access savings and loan products from traditional banks and maintaining money savings account.

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

**NOTE 2. BASIS OF PREPARATION**

**a) Basis of Preparation**

The financial statements have been prepared on the basis of historical cost convention. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of International Financial Reporting Standards (IFRS), management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are critical to the financial statements are disclosed in Note 5.

**b) Statement of Compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and in compliance with the requirements of the Companies Act, 2015.

The financial statements have also been prepared in accordance with the Disclosure Guidelines for financial reporting by Microfinance Institutions whereby guidelines are voluntary norms recommended by a group of international donors under the Consultative Group to Assist the Poor (CGAP) and by the members of the Social Enterprise Education and Promotion Network (SEEP).

**c) Going Concern Basis of Accounting**

Notwithstanding the recent novel coronavirus (COVID-19) outbreak and significant economic uncertainties resulting there from and the company's net liability position and accumulated losses, the financial statements have been prepared on a going concern basis. The directors consider the application of the going concern principle to be appropriate in the preparation of the financial statements on the basis that the company will continue to receive financial support and other ongoing support from the founder of the company and holding company, South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited and lenders of the company which will enable the company to meet its funding requirements for operations and to meet its obligations as and when they fall due.

**NOTE 2. BASIS OF PREPARATION (CONT'D)**

**c) Going Concern Basis of Accounting (Cont'd)**

Furthermore, the directors believe that the company has plans and strategies to generate adequate profit and cash flows from its operations, and together with the financial and other support of the founder of the company, holding company and lenders of the company, the company will be able to continue in operation for at least 12 months from the date of this financial statements and the classification and carrying amounts of assets and liabilities as stated in these financial statements are appropriate.

**d) Comparatives**

Where necessary, amounts relating to prior years have been reclassified to facilitate comparison and achieve consistency in disclosure with current year amounts.

**e) Changes in Accounting Policies**

One amendment to a standard impacting the company that have been adopted in the annual financial statements for the year ended 31 December 2021:

- Amendments to IFRS 16 *COVID-19 Related Rent Concession beyond 30 June 2021*.

Other new and amended standards that have been adopted in the annual financial statements for the year ended 31 December 2021, but have not had a significant effect on the company are:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 *Interest Rate Benchmark Reform - IBOR 'phase 2'*.

**New standards, interpretations and amendments not yet effective**

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

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

- Amendments to IAS 37 *Onerous Contracts - Cost of Fulfilling a Contract* ;
- Amendments to IAS 16 *Property, Plant and Equipment: Proceeds before Intended Use*;
- Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 *Annual Improvements to IFRS Standards 2018-2020*; and
- Amendments to IFRS 3 *References to Conceptual Framework*.

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

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

The company is currently assessing the impact of these new accounting standards and amendments. The company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the company.



**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principle accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Revenue Recognition**

Revenues are presented as financial income in the statement of profit or loss and other comprehensive income which is comprised of income generated from providing financial services to its target clientele. The main sources of financial income are:

*(i) Interest income on loans*

Interest income on loans is recognised using effective interest method where they are recognised at the time they are due for payment.

For restructured loans, unearned interest at the time of restructure is considered as lapsed interest and full unearned amount is recognised as interest income.

*(ii) Development fees*

The company charges a fee on the principal loan amount for all loan types except for White Goods loan and Staff loan to be used to cover the cost of training clients, loan evaluation and monitoring. The company charges a fee of 2% - 3.5% on respective loan types. This fee is deducted from the loan proceeds, and are recognised in the period received.

*(iii) Membership fee*

The annual membership fee for new members have been categorised into four levels in charging membership fee for the year as follows:

Date of Entry of New Member	Amount (\$)
1 January - 31 March	100
1 April - 30 June	75
1 July - 30 September	50
1 October - 31 December	25

Annual membership fee for the succeeding year for existing members is \$100.

Membership fees are non-refundable and recognised as income at the time they are received. The renewal of membership is on an annual basis before 30 November of the relevant financial year.

*(iv) Savings maintenance fee*

Savings maintenance fee of \$2 is charged by the company to its members every month from their savings accounts and are recognised in the period received.

**(b) Foreign Currency Translation**

*Functional and presentation currency*

The company operates in Fiji and hence its financial statements are presented in Fiji dollars, which is the company's functional and presentation currency.

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(b) Foreign Currency Translation (Cont'd)**

*Transactions and balances*

Foreign currency transactions are translated into the Fijian currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

**(c) Inventories**

Inventories comprising of financial statement booklets and stationeries are valued at cost. Costs have been assigned to inventory quantities on hand at balance date on a first-in first-out basis. Cost includes expenses incurred in acquiring the inventories and bringing them to their existing condition and location. Provision for inventory obsolescence are raised based on a review of inventories. Inventories considered obsolete or un-saleable are written off in the year in which they are identified.

**(d) Income Tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

*Current Tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

*Deferred Tax*

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable profit nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset and liability giving rise to them are realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

*Current and deferred tax for the period*

Current and deferred tax is recognised as an expense or income in the statement of profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is recognised in equity through other comprehensive income.

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(e) Property, Plant and Equipment**

Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition and installation of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial year in which they are incurred.

Depreciation is calculated so as to write off the net cost of property, plant and equipment over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The principal annual rates employed are as follows:

Leasehold improvements	50% (2 years)
Furniture and fittings	20% (5 years)
Motor vehicles	20% - 33% (3 - 5 years)
Computer equipment & peripherals	33% (3 years)
Office equipment	20% (2 years)
Software and electronics system	33% (3 years)

Profits and losses on disposal of property, plant and equipment are taken into account in determining the results for the year.

**(f) Intangible assets**

*Computer software and electronics system*

Computer software and electronics system is recorded at cost less accumulated amortisation and any impairment losses. Amortisation is charged on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

**(g) Leases**

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

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

At inception or on reassessment of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(g) Leases (Cont'd)**

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

**Policy applicable as a lessee**

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

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

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

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

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

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

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

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

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(g) Leases (Cont'd)**

**Short-term leases and leases of low-value assets**

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

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

**(h) Impairment of Non-Financial Assets**

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets, if relevant, are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised in statement of profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

**(i) Financial Assets**

**(i) Recognition and initial measurement**

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

A financial asset (unless it is a loan 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 loan receivable without a significant financing component is initially measured at the transaction price.

**(ii) Classification and subsequent measurement**

On initial recognition, a financial asset is classified and measured at: amortised cost; FVOCI - debt instrument; FVOCI - equity investment; or FVTPL.

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(i) Financial Assets (Cont'd)**

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

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

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

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

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

**Financial assets: Business model assessment**

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

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 company's continuing recognition of the assets.

***Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest***

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.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial Assets (Cont'd)

***Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (cont'd)***

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

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

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

***Financial assets: Reclassifications***

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

***Financial assets: Subsequent measurement and gains and losses***

***Financial assets at amortised cost***

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

(iii) Derecognition

***Financial assets***

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

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

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(i) Financial Assets (Cont'd)**

**(iii) Derecognition (cont'd)**

***Financial liabilities***

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

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

**(iv) Modifications of financial assets**

If the terms of a financial asset are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (3(h)(iii))) and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower (see (3(i))), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

**(v) Offsetting**

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

**(j) Impairment of Financial Instruments**

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

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and 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.

Loss allowances for loan receivable and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company 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 company's historical experience and informed credit assessment and including forward-looking information.



**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(j) Impairment of Financial Instruments (Cont'd)**

The company assumes that the credit risk on a financial asset has increased significantly if it is more than 1 week past due.

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

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or
- the financial asset is more than 1 week past due.

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

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

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

*Measurement of ECLs*

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

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

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

*Credit-impaired financial assets*

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 1 week past due;
- the restructuring of a loan or advance by the company on terms that the company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

*Presentation of allowance for ECL in the statement of financial position*

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

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(j) Impairment of Financial Instruments (Cont'd)**

*Write-off*

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

**(k) Cash and Cash Equivalents**

For the purpose of statement of cash flows, cash and cash equivalents comprise cash on hand and cash in banks.

**(l) Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

**(m) Borrowing Costs**

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 intended use or sale, are added to 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 in profit or loss in the period in which they are incurred.

**(n) Client Savings Deposits**

Client savings deposit is recorded as current liabilities in the statement of financial position.

A savings account is required to be established by client in order for consideration for loan by depositing \$30. An existing member without an open savings account is required to make an initial deposit of \$100 when applying for second loan.

All members are required to have a compulsory savings account and make a deposit of \$2 per week per cumulative terms of the previous loan cycles. The compulsory savings amount cannot be withdrawn while the client is a member of the SPBD Centre.

All members are required to maintain a minimum balance in their savings account.

A member with or without an outstanding loan must maintain a required compulsory savings balance equivalent the value of cumulative term of the loan (previous and current) expressed in weeks multiplied by \$2. A withdrawal is not allowed if the resulting balance will be less than the member's required balance.

The 50% of the equivalent savings amount used to top up the client's succeeding loan is "locked in" and forms part of the additional maintaining balance of the client.

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(n) Client Savings Deposits (Cont'd)**

Any savings amount that is above the required minimum compulsory savings balance (plus “locked-in” savings) is considered to be voluntary savings. Voluntary savings can be withdrawn at any time and the minimum savings that can be made is \$1 during centre meeting.

A maintenance fee of \$2 is imposed every month on client savings. A full withdrawal of a member's savings account balance is only possible if the member has fully paid the loan and wishes to resign from the program. In this event, the initiation deposit of \$10 is forfeited as resignation fee.

A member can make weekly loan repayments from her savings account for her loan or another member's loan. Members who belong to a centre in which there is a loan defaulter cannot make withdrawals from their savings accounts until the defaulting loan is repaid in full.

The savings accounts earn interest at the rate of 1.5% per annum and this interest rate may be modified by the company based on the prevailing interest rates amongst commercial banks.

**(o) Payables**

Accounts payables are recognized when the company becomes obliged to make future payments resulting from the receipt of goods and services.

**(p) Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Provision is made for the company's liability to employees for annual leave and members for death benefit on the basis of statutory or contractual requirements.

**(q) Employee Benefits**

*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, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

*Defined contribution plans*

Contributions to Fiji National Provident Fund are expensed when incurred.

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(r) Death Benefit Provision**

Death Benefit provision is made to cover death benefit claims for members based on actuarial studies conducted by Columbia Business School. Columbia Business School has considered certain assumptions in making the actuarial valuation such as assessing the credit life for clients, life insurance rates and insurance claim loss methods to determine the death benefit provision for the year.

The payments made to beneficiaries upon death of the members is net off member's loan outstanding.

The actuarial studies conducted by Columbia Business School was upto the year ended 31 December 2020. Death Benefit provision for the year ended 31 December 2021 has been based on certain assumptions used in the previous actuarial studies conducted by Columbia Business School and based on past death benefit claims and provisions.

**(s) Share Capital**

Ordinary shares and preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**NOTE 4. RISK MANAGEMENT**

**4.1 Financial Risk Factors**

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by executive management. Executive management identifies, evaluates and monitors financial risks in close co-operation with the operating units.

**(a) Market Risk**

*i) Foreign exchange risk*

The company undertakes transactions denominated in foreign currencies: consequently, exposures to exchange rate fluctuation arise. Exchange rate exposures are managed within approved policy parameters.

The carrying amount of the company's foreign currency denominated monetary liabilities at the end of reporting year are as follows:

	<u>2021</u>	<u>2020</u>
	FJD	FJD
USD	2,417,212	2,236,827
AUD	1,241,769	1,649,353
NZD	819,233	1,208,556

*Foreign currency sensitivity analysis*

The company is mainly exposed to the currency of USA, Australia and New Zealand.

**NOTE 4. RISK MANAGEMENT (CONT'D)**

**4.1 Financial Risk Factors (Cont'd)**

**(a) Market Risk (cont'd)**

The following table details the company's sensitivity to a 10% increase and decrease in Fiji dollar against the relevant US, Australian and New Zealand dollar. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. If the FJD strengthens/weakens by 10% against the USD, AUD and NZD with all other variables held constant, pre-tax profit impact is as follows:

	Profit / (Loss)			
	Strengthen		Weaken	
	2021	2020	2021	2020
	FJD	FJD	FJD	FJD
Australian Dollar - AUD	112,888	149,941	(137,974)	(183,261)
US Dollar - USD	219,747	203,348	(268,579)	(248,536)
New Zealand Dollar - NZD	74,476	109,869	(91,026)	(134,284)

*ii) Interest rate risk*

The principal risk to which lending portfolios are exposed to is the risk of the effects of fluctuations in the prevailing levels of market interest rates on the financial position and cash flows of the company.

The objective of interest rate risk control is to minimize these fluctuations in value and net interest income over time, providing secure and stable sustainable net interest earnings in the long term.

As interest rates and yield curves change over time, the company may be exposed to a loss in earnings due to the sensitivity that arises from mismatches in the re-pricing dates, cash flows and other characteristics of the assets and their corresponding liability funding. These mismatches are actively monitored and managed by the company.

Majority of the borrowings of the company are at fixed interest rates however, the company is also exposed to interest rate risk on certain borrowed funds which are at variable interest rates. The risk is monitored and managed by directors within the approved parameters.

**(b) Credit Risk**

Credit risk is the risk of financial loss to the company if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's loans to clients.

As part of its risk control procedures, an assessment of the credit quality of a new client, taking into account its financial position, past experience and other factors, is carried out prior to the credit approval. Individual credit risk limits are then set based on the assessments done. The utilisation of credit limits is regularly monitored. Loans to clients are settled via weekly deductions.

Loan portfolio outstanding consists of customers with good credit ratings. Ongoing credit evaluations is performed on the financial condition of loan portfolio outstanding.

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

**NOTE 4. RISK MANAGEMENT (CONT'D)**

**4.1 Financial Risk Factors (Cont'd)**

**(b) Credit Risk (cont'd)**

Impairment losses on financial assets recognised in profit or loss were as follows.

	2021	2020
Impairment loss on loan receivables	\$ 138,064	35,224
Impairment loss on other receivables	\$ 13,421	-

**Loan portfolio outstanding**

The company conducts loan loss provisioning every quarter to maintain an adequate reserve for impairment loss. The loan loss reserve is determined by applying predicted loss percentages to aged loans grouped by lateness of payment. A loan becomes late as weekly scheduled payment is missed. The company applies the conservative predicted loss ratios. Refer Note 10(a).

**Cash on hand and at bank**

The company held cash of \$1,859,355 as at 31 December 2021 (2020: \$2,633,216). Cash are held with bank and financial institution counterparties, which have sound credit ratings. The company considers that its cash have low credit risk based on the external credit ratings of the counterparties.

**(c) Liquidity Risk**

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations from its financial liability. Prudent and careful management of the company's liquidity position is essential in order to ensure that adequate funds are available to meet the company's ongoing financial obligations. The company manages liquidity risk by maintaining adequate banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows.

The table below analyses the company's 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.

	Carrying Amount (\$)	Contractual Undiscounted Cash Flow		
		Total (\$)	Less than 1 year (\$)	1 - 5 years (\$)
<b>At 31 December 2021</b>				
Client savings deposit	2,564,667	2,564,667	2,564,667	-
Payables	148,669	148,669	148,669	-
Lease liability	396,454	426,388	207,044	219,344
Borrowings	6,272,245	7,098,063	2,825,175	4,272,888
<b>Total</b>	<b>9,382,035</b>	<b>10,237,787</b>	<b>5,745,555</b>	<b>4,492,232</b>
<b>At 31 December 2020</b>				
Client savings deposit	4,023,218	4,083,566	4,083,566	-
Payables	276,843	276,843	276,843	-
Lease liability	522,699	582,205	185,564	396,641
Borrowings	8,002,547	9,202,963	4,074,577	5,128,386
<b>Total</b>	<b>12,825,307</b>	<b>14,145,577</b>	<b>8,620,550</b>	<b>5,525,027</b>

**NOTE 4. RISK MANAGEMENT (CONT'D)**

**4.2 Other Risks**

**(a) Operational Risk**

Operational risk is the risk of loss arising from systems failure, human error, and fraud to external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial crisis. The company cannot expect to eliminate all operational risk, but through a control framework and by monitoring and responding to potential risks, the company is able to manage risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment procedures.

**(b) Regulatory Risk**

The company's profitability can be impacted by regulatory agencies established which govern the business sector in Fiji.

The company is subject to the provisions of the Microfinance Institutions (Examination and Assessment) Act 2010. Under Section 3 (1) of the Act, the Reserve Bank of Fiji may conduct examinations, onsite or otherwise, of any microfinance institution. The salaries and wages payable to workers are subject to the Wages Regulations 2017 and the Employment Relations Act.

**4.3 Capital Risk Management**

The company's objectives when managing capital is to safeguard its ability to continue as a going concern in order to provide consistent returns for shareholders to maintain an optimal capital structure to reduce the cost of capital. In order to maintain the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The company's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

- (i) To safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders; and
- (ii) To maintain a strong capital base to support the development of the company's business.

Capital adequacy is monitored by the management of the company.

**NOTE 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

In application of the company's accounting policies, which are described in Note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The critical judgements and assumptions made in applying the accounting policies of the company have been disclosed under following notes to the financial statements:

Note 3(j) - Impairment of financial assets

Note 3(r) - Death benefit provision

NOTE 6. OTHER OPERATING INCOME	2021	2020
Client Training Programme, net	\$ -	83,493
Financial booklet	50	180
Gain on sale of fixed assets	520	37,522
Income from term deposit	37,750	29,356
Loan write-off recoveries	1,586	2,647
Kiva Research	-	12,273
Sales commission	486	21,870
SPBD awards night, net	1,344	4,891
Vehicle rental	-	9,900
Unrealised exchange gain	-	14,663
Miscellaneous income	3,644	5,388
Total other operating income	<u>45,380</u>	<u>222,183</u>

**NOTE 7. ADMINISTRATION AND OPERATING EXPENSES**

Auditors' remuneration for:		
- Audit fees	27,000	28,000
- Other services	19,046	16,861
Client Training Programme, net	7,568	-
Bank charges	-	5,487
Death benefit	190,795	170,000
Depreciation	222,102	234,365
Director fees	11,000	-
Electricity and water	25,975	28,146
Fiji Bloom Registration Fee, net	3,419	36,368
FNPF contribution	57,758	74,588
Fringe Benefit Tax	479	635
Kiva Research, net	11,496	-
Legal fees	-	1,583
Local traveling	25,979	30,617
Management fees	184,737	197,373
Membership and subscriptions	516	469
Office expenses	43,724	43,047
Other expenses	102,375	141,557
Overseas traveling	-	3,488
Internal audit and supervision	2,387	11,084
Printing and office stationeries	14,204	26,318
Professional fees	5,249	10,203
Postage, telephone and communication	26,722	28,626
Realised exchange loss	25,444	36,331
Rent expense and rental concessions	2,300	(4,366)
Repairs and maintenance	9,603	14,898
Salaries and wages	834,610	870,013
Staff benefits	76,971	105,601
Training and development - staff and client	34,191	16,261
Training levy	9,200	9,253
Transportation, fuel and oil	206,693	304,067
Unrealised exchange loss	46,995	-
	<u>\$ 2,228,538</u>	<u>2,440,873</u>



NOTE 8. INCOME TAX	2021	2020
<b>(a) Income tax expense/ (benefit)</b>		
The prima facie income tax expense/ (benefit) on profit is reconciled as follows:		
Profit before income tax	\$ 29,305	347,541
Prima facie tax thereon at 20%	5,861	69,508
Tax effect of:		
Non-deductible expenses	(13,445)	(6,765)
Over provision of income tax in prior year	(6,050)	-
Income tax expense/ (benefit) attributable to profit	(13,634)	62,743
Income tax expense/ (benefit) comprises movements in:		
Current tax liability	(6,371)	35,743
Deferred tax assets	(7,263)	27,000
	(13,634)	62,743
<b>(b) Current tax liability / (asset)</b>		
Movements during the year were as follows:		
Balance at the beginning of the year	35,743	-
Tax liability for the current year	-	35,743
Over provision of income tax in prior year	(6,050)	-
Income tax paid during the year	(47,090)	-
Balance at the end of the year	(17,397)	35,743
<b>(c) Deferred tax assets</b>		
Deferred tax assets comprise of the estimated future benefit at future income tax rate of the following items:		
Tax losses	24,854	-
Provision for employee entitlement and death benefit	9,460	17,673
Allowance for impairment loss on loans and other receivables	23,500	25,454
Difference between right of use assets and lease liabilities	9,863	3,786
Difference in carrying value of plant, equipment and fixtures for accounting and income tax purpose	(17,865)	7,968
Unrealised exchange loss	9,399	(2,933)
Balance at the end of the year	\$ 59,211	51,948

**NOTE 9. NOTES TO THE STATEMENT OF CASH FLOWS**

**a) Cash on Hand and at Bank**

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts.

	<u>2021</u>	<u>2020</u>
Petty cash	\$ 4,792	3,953
Vodafone M-Paisa account	1,130,368	710,879
Cash at bank	724,195	1,918,384
Total cash on hand and at bank	<u>1,859,355</u>	<u>2,633,216</u>

**NOTE 10. LOANS PORTFOLIO OUTSTANDING**

**Movement:**

Opening balance	6,993,444	7,259,808
Disbursements	3,163,845	5,002,603
Repayments	(5,896,150)	(6,452,130)
Interest income capitalised to restructured loan	129,651	1,218,387
Loan write-offs during the year	(161,254)	-
Net movement in allowance for impairment loss on loan	23,190	(35,224)
Closing balance	<u>4,252,726</u>	<u>6,993,444</u>

**Accumulative Since Inception:**

Total loan disbursements	67,433,723	64,269,878
Repayments	(64,104,611)	(58,208,461)
Interest income capitalised to restructured loan	1,356,218	1,226,567
Restructure fee capitalised to restructured loan	5,299	5,299
Loan insurance loss reserve - write-offs - principal	(3,956)	(3,956)
Loan loss allowance - write-offs - principal	(333,295)	(172,041)
Gross loans portfolio outstanding	4,353,378	7,117,286
Allowance for impairment of loan (a)	(100,652)	(123,842)
Net loans portfolio outstanding	<u>4,252,726</u>	<u>6,993,444</u>

**(a) Allowance for impairment on loan and write-offs**

Loan loss allowance is increased by annual loan loss provisioning expense and decreased by loan write-offs.

The movement in the allowance for impairment loss in respect of loan portfolio outstanding during the year was as follows.

**Movement in Allowance for impairment loss**

Balance at 1 January	123,842	88,618
Loan loss expense for the year	138,064	35,224
Loan loss allowance - write-offs - principal	(161,254)	-
Balance at 31 December	<u>\$ 100,652</u>	<u>123,842</u>

**NOTE 10. LOANS PORTFOLIO OUTSTANDING (CONT'D)**

The company conducts loan loss provisioning every quarter to maintain an adequate reserve for doubtful loans. The reserve is determined by applying predicted loss percentages to aged loans grouped by lateness of payment. A loan becomes late as a weekly scheduled payment is missed. The company applies the following conservative predicted loss ratios.

**Allowance Ratios for Group Loans**

Loan Aging	Loan Loss Allowance	Loan Outstanding (\$)	Loan Loss Allowance Amount (\$)
Current	1%	3,768,017	37,680
1 week to 4 weeks late	5%	418,290	20,914
5 weeks to 8 weeks late	10%	101,979	10,198
9 weeks to 12 weeks late	25%	31,815	7,954
13 weeks to 16 weeks late	50%	15,616	7,808
17 weeks to 20 weeks late	75%	10,455	7,841
21 weeks or more	100%	7,206	7,206
		4,353,378	99,601
Add: Additional allowance			1,051
<b>Allowance Required as of 31 December 2021</b>			<b>100,652</b>

The company provides a 100% provision for loan losses for loans overdue for 21 weeks or more.

**Write-Offs**

The decision as to which loans to write off and to which to provide loan allowance in 2021 was made taking into account the age of the outstanding loan, the balance of the outstanding loan compared to the cost effectiveness of recovery and management's own evaluation of the likelihood of recovery. Loans write-off requires an approval by the Board of Directors of the company.

**(b) Portfolio Composition**

The company adopts the Grameen Bank's group solidarity lending methodology. The company's loan portfolio consists of loans to clients and staff. Group loans are made under the provisions of SPBD Credit Manual. Staff loans are made under the provisions of the employee loan program under SPBD Human Resources Policy Manual.

The company offers one group loan product with variable terms and pricing depending on the loan amount as shown in the following table:

Minimum Loan Amount (\$)	Maximum Loan Amount (\$)	Loan Term	Add-on-interest
1,000	7,000	50 weeks	25%

The loan product is unsecured and is amortised in weekly equal instalments. The first loan (regardless of loan product) should be used exclusively to expand or establish a microenterprise to be managed by the client or by a household member (husband, son, daughter, etc). Subsequent loans can be used only for any or a combination of the following purposes: business, home improvement and education of children. All loans are disbursed via Vodafone's M-Paisa mobile money services while loan repayments are collected at the village-based meetings by the company staff. Repayment of loan via Vodafone's M-Paisa mobile money services is also available to the clients. A loan must be paid off before another loan is issued to the same client.

NOTE 10. LOANS PORTFOLIO OUTSTANDING (CONT'D)

(b) Portfolio Composition (Cont'd)

Loans Disbursed during 2021			
Loan Type	Number of New Loans	Principal Amount (\$)	Amount as % of Total Portfolio
Group loans (New)	393	403,950	11%
Group loans (Existing)	694	1,416,750	37%
COVID-19 Online Relief Loan	383	410,750	11%
TC Yasa Rehabilitation Loan	361	1,223,000	32%
White Goods loans	59	54,000	1%
SME Loans	7	88,950	2%
Higher Education Loans	2	1,400	0%
Staff loans	79	213,300	6%
<b>Total</b>	<b>1,978</b>	<b>3,812,100</b>	<b>100%</b>
<i>Average loan size at disbursement</i>		<b>1,927</b>	

Loans Disbursed during 2020			
Loan Type	Number of New Loans	Principal Amount (\$)	Amount as % of Total Portfolio
Group loans (New)	140	140,750	1%
Group loans (Existing)	616	1,481,850	13%
COVID-19 Restructured Loans	4,183	7,253,200	64%
COVID-19 Business Recovery Loan	1,242	1,818,300	16%
White Goods loans	252	304,600	3%
SME Loans	13	111,500	1%
Higher Education Loans	24	29,600	0%
Staff loans	92	245,726	2%
<b>Total</b>	<b>6,562</b>	<b>11,385,526</b>	<b>100%</b>
<i>Average loan size at disbursement</i>		<b>1,735</b>	

The clients must use the first loans for starting or expanding micro-businesses. If these micro-businesses are doing well, they can then apply for housing improvement and educational loans for their subsequent borrowings. Housing improvement loans are typically used to buy concrete, timber, roofing, plumbing or electrical supplies to significantly upgrade their homes. Educational loans are typically used to pay for school fees, school uniforms and text books.

White goods loans are given to clients for purchase of white goods. These loans are given by way of vouchers redeemable from Courts Fiji Pte Limited, Vinod Patel & Co. Pte Limited and R. C. Manubhai & Co. Ltd.

Minimum Loan Amount (\$)	Maximum Loan Amount (\$)	Loan Term	Add-on-interest
700	800	37 weeks	20%
900	2,000	50 weeks	25%

**NOTE 10. LOANS PORTFOLIO OUTSTANDING (CONT'D)**

**(b) Portfolio Composition (Cont'd)**

Furthermore, SME loans provides higher loan amounts to members in good standing to expand or diversify their existing businesses. The specific loan terms are as follows:

Minimum Loan Amount (\$)	Maximum Loan Amount (\$)	Loan Term	Add-on-interest
7,000	20,000	50 weeks	20%

Moreover, in February 2017, the company started with the Higher Education Loan Programme (H.E.L.P), which provides loans to members to pay for tuition fees for their family members undergoing tertiary education. The specific loan term are as follows:

Minimum Loan Amount (\$)	Maximum Loan Amount (\$)	Loan Term	Add-on-interest
700	2,000	50 weeks	20%

As a result of large number of members significantly affected by COVID-19 pandemic, the company provided the following loans to the members:

- (a) In 2020, the members were provided with COVID-19 Restructured Loans, in which option to restructure the loan was on condition that both the principal and interest balance were considered to be new restructured principal amount which is payable over 50 weeks with add-on-interest of 15%. Members were offered a 5 month grace period until 1 October 2020 on the repayment of the principal and interest on their restructured loans.
- (b) In 2020, members who had business disruptions, have been provided with COVID-19 Business Recovery Loan, which is rehabilitation loan. Members are required to lock-in their savings which is one third of the loan amount. The specific loan term are as follows:

Minimum Loan Amount (\$)	Maximum Loan Amount (\$)	Loan Term	Add-on-interest
1,000	3,000	50 weeks	20%

- (c) In 2021, member who have lost home or business due to TC Yasa have been provided with TC Yasa rehabilitation loan which is payable over 50 weeks with add-on interest of 20%. Members are required to lock-in their savings equivalent to one third of the loan amount.
- (d) In 2021, members have been provided with COVID-19 Online Relief Loan who had no existing loan, which can be used for business expansion, utility payments, food security and medical needs. Members are required to lock-in their savings which is one third of the loan amount. The specific loan term are as follows:

Minimum Loan Amount (\$)	Maximum Loan Amount (\$)	Loan Term	Add-on-interest
500	2,500	50 weeks	20%

In April 2021, members were offered a 7 month grace period from April 2021 to October 2021 on the repayment of the principal and were charged 0.5% per week loan extension interest on their loans.

**NOTE 10. LOANS PORTFOLIO OUTSTANDING (CONT'D)**

**(c) Portfolio Quality**

The company loans is staff's number one priority to keep the loan portfolio healthy. They strictly apply the credit rules and policies outlined in SPBD Credit Manual. As the company offers only unsecured loans, it relies on good client and project selection as a primary tool to ensure portfolio quality. When a client does not make a payment, the company applies the group guarantee policy and asks the group members to make a payment for that client. The principle of group guarantee is clearly communicated and explained in program training, knowledge test, loan application and loan interview; and is regularly reinforced through weekly meetings and periodic trainings.

Loan Types	Number of Accounts	31 December 2021		
		Outstanding Principal Balance (\$)	PAR > 30 days Amount (\$)	PAR > 30 Days
<b>Group Loans</b>				
Current	1,063	1,377,623	-	-
1-4 weeks late	66	111,268	-	-
5-8 weeks late	3	2,223	2,223	0.05%
13-16 weeks late	1	1,060	1,060	0.02%
Over 20 weeks late	2	435	435	0.01%
<b>Total</b>	<b>1,135</b>	<b>1,492,609</b>	<b>3,718</b>	<b>0.08%</b>
<b>COVID-19 Restructured Loans</b>				
Current	1,938	901,548	-	-
1-4 weeks late	375	254,320	-	-
5-8 weeks late	98	94,462	94,462	2.17%
9-12 weeks late	22	31,815	31,815	0.73%
13-16 weeks late	11	14,556	14,556	0.33%
17-20 weeks late	6	10,455	10,455	0.24%
Over 20 weeks late	4	6,771	6,771	0.16%
<b>Total</b>	<b>2,454</b>	<b>1,313,927</b>	<b>158,059</b>	<b>3.63%</b>
<b>COVID-19 Business Recovery Loans</b>				
Current	440	211,561	-	-
1-4 weeks late	45	22,491	-	-
5-8 weeks late	7	4,334	4,334	0.10%
<b>Total</b>	<b>492</b>	<b>238,386</b>	<b>4,334</b>	<b>0.10%</b>
<b>TC Yasa Rehabilitation Loans</b>				
Current	348	767,268	-	-
1-4 weeks late	11	22,444	-	-
<b>Total</b>	<b>359</b>	<b>789,712</b>	<b>-</b>	<b>-</b>
<b>COVID 19 Online Relief Loans</b>				
Current	353	336,261	-	-
1-4 weeks late	5	4,152	-	-
<b>Total</b>	<b>358</b>	<b>340,413</b>	<b>-</b>	<b>-</b>

NOTE 10. LOANS PORTFOLIO OUTSTANDING (CONT'D)

(c) Portfolio Quality (Cont'd)

Loan Types	Number of Accounts	31 December 2021		
		Outstanding Principal Balance (\$)	PAR > 30 days Amount (\$)	PAR > 30 Days
<b>SME Loans</b>				
Current	7	69,968	-	-
<b>Higher Education Loans</b>				
Current	1	780	-	-
1-4 weeks late	1	88	-	-
<b>Total</b>	<b>2</b>	<b>868</b>	<b>-</b>	<b>-</b>
<b>White Goods Loan</b>				
Current	66	39,473	-	-
1-4 weeks late	5	2,579	-	-
5-8 weeks late	1	960	960	0.02%
<b>Total</b>	<b>72</b>	<b>43,012</b>	<b>960</b>	<b>0.02%</b>
<b>Staff Loans</b>				
Current	27	63,535	-	-
1-4 weeks late	1	948	-	-
<b>Total</b>	<b>28</b>	<b>64,483</b>	<b>-</b>	<b>-</b>

Loan Types	Number of Accounts	31 December 2021		
		Outstanding Principal Balance (\$)	PAR > 30 days Amount (\$)	PAR > 30 Days
<b>Total Loan</b>				
Current	4,243	3,768,017	-	-
1-4 weeks late	509	418,290	-	-
5-8 weeks late	109	101,979	101,979	2.34%
9-12 weeks late	22	31,815	31,815	0.73%
13-16 weeks late	12	15,616	15,616	0.35%
17-20 weeks late	6	10,455	10,455	0.24%
Over 20 weeks late	6	7,206	7,206	0.17%
<b>Total</b>	<b>4,907</b>	<b>4,353,378</b>	<b>167,071</b>	<b>3.83%</b>

The company defines portfolio at risk (PAR) as:

Outstanding principal amount of all loans that have one or more instalments of principal past due by 30 days / Gross Loan Portfolio.

**NOTE 10. LOANS PORTFOLIO OUTSTANDING (CONT'D)**

**(c) Portfolio Quality (Cont'd)**

A loan is considered in arrears when a due weekly payment is missed and that group guarantee does not work. The company does not have any late or penalty fees. The company staff then follows the procedures outlined in the SPBD Credit Manual to get clients in arrears back on track as soon as possible. Parallel to these efforts, the company creates allowance to ensure that adequate reserves are maintained for potential losses as outlined under SPBD Loan Loss Provisioning and write-off policies outlined in note 10(a) above and as per the requirements of IFRS 9.

<b>NOTE 11. RECEIVABLES</b>	<u>2021</u>	<u>2020</u>
Prepayments and other receivables	\$ 97,895	118,270
Less: Allowance for impairment loss	(16,847)	(3,426)
	<u>81,012</u>	<u>114,844</u>
Deposits	46,665	43,350
Total receivables	<u>127,677</u>	<u>158,194</u>

**NOTE 12. INTANGIBLE ASSETS**

Computer software and electronics system	72,376	32,503
Less: Allowance for amortisation	(34,593)	(32,129)
	<u>37,783</u>	<u>374</u>
Work in progress - Software	7,400	7,400
Total intangible assets	<u>\$ 45,183</u>	<u>7,774</u>



**NOTE 13. PLANT, EQUIPMENT AND FIXTURES**

**Movements in Carrying Amounts**

Movements in the carrying amounts for each class of plant, equipment and fixtures between the beginning and the end of the current financial year are as follows:

	Leasehold improvements (\$)	Furniture and fixtures (\$)	Office Equipment (\$)	Computer equipment and peripherals (\$)	Motor vehicles (\$)	Total (\$)
<b>Gross carrying amount</b>						
Balance at 1 January 2020	39,800	108,433	18,117	140,768	213,755	520,873
Additions	36,566	18,247	3,753	21,968	-	80,534
Transfers in /(out)	(15,262)	15,262	-	-	-	-
Disposal	-	-	-	(10,318)	(156,255)	(166,573)
<b>Balance at 31 December 2020</b>	<b>61,104</b>	<b>141,942</b>	<b>21,870</b>	<b>152,418</b>	<b>57,500</b>	<b>434,834</b>
Additions	6,142	5,641	2,305	109,530	27,000	150,618
Disposal	(22,664)	(10,865)	-	(2,479)	-	(36,008)
<b>Balance at 31 December 2021</b>	<b>44,582</b>	<b>136,718</b>	<b>24,175</b>	<b>259,469</b>	<b>84,500</b>	<b>549,444</b>
<b>Accumulated depreciation</b>						
Balance at 1 January 2020	20,733	74,800	10,628	104,020	190,877	401,058
Depreciation	17,648	15,616	3,215	19,281	21,918	77,678
Disposal	-	-	-	(5,549)	(156,255)	(161,804)
<b>Balance at 31 December 2020</b>	<b>38,381</b>	<b>90,416</b>	<b>13,843</b>	<b>117,752</b>	<b>56,540</b>	<b>316,932</b>
Depreciation	20,482	17,199	3,657	22,678	1,860	65,876
Disposal	(22,665)	(9,966)	-	(1,996)	-	(34,627)
<b>Balance at 31 December 2021</b>	<b>36,198</b>	<b>97,649</b>	<b>17,500</b>	<b>138,434</b>	<b>58,400</b>	<b>348,181</b>
<b>Net book value</b>						
Balance at 31 December 2020	22,723	51,526	8,027	34,666	960	117,902
Balance at 31 December 2021	8,384	39,069	6,675	121,035	26,100	201,263

NOTE 14. CLIENT SAVINGS DEPOSITS	2021	2020
Number of Savings Accounts	\$ 8,608	9,188
Client savings balance	2,564,667	4,023,218

A savings account is required to be established by client in order for consideration for loan by depositing \$30. An existing member without an open savings account is required to make an initial deposit of \$100 when applying for second loan.

All members are required to have a compulsory savings account and make a deposit of \$2 per week per cumulative terms of the previous loan cycles. The compulsory savings amount cannot be withdrawn while the client is a member of the SPBD Centre. All members are required to maintain a minimum balance in their savings account.

A member with or without an outstanding loan must maintain a required compulsory savings balance equivalent to the value of cumulative term of the loan (previous and current) expressed in weeks multiplied by \$2. A withdrawal is not allowed if the resulting balance will be less than the member's required balance.

The 50% of the equivalent savings amount used to top up the client's succeeding loan is "locked in" and forms part of the additional maintaining balance of the client. Any savings amount that is above the required minimum compulsory savings balance (plus "locked-in" savings) is considered to be voluntary savings. Voluntary savings can be withdrawn at any time and the minimum savings that can be made is \$1 during centre meeting.

The savings accounts earn interest at the rate of 1.5% per annum, compounded monthly and this interest rate may be modified by the company based on the prevailing interest rates amongst commercial banks.

NOTE 15. PAYABLES		
Accrued interest	1,974	-
Other accruals	146,965	276,843
Total payables	148,669	276,843

NOTE 16. PROVISIONS		
Employee entitlements	31,124	30,327
Death benefit for members	16,176	58,040
	47,300	88,367

NOTE 17. INVESTMENTS		
<i>Current</i>		
Term deposit	500,000	-
<i>Non current</i>		
Term deposit	\$ 500,000	1,000,000

Term deposit with Fiji Development Bank is for a period of 12 months to 48 months at competitive interest rates of 2.4% to 4.5% per annum. In accordance with the security arrangements for borrowings from Fiji Development Bank, the term deposits have been held as security by the bank and is not freely available for use by the company until the loan is repaid. One of the bank loan repayment term ends during the year ending 31 December 2022 and loan is expected to be fully repaid. Therefore, the term deposit amounting to \$500,000 held as security for this loan has been presented under current investments.

NOTE 18. LEASES	2021	2020
The company leases various premises. Information about leases for which the company is a lessee is presented below:		
<b>Right-of-use assets</b>		
Balance as at 1 January	\$ 468,110	624,147
Additions	56,259	-
Effect of modification to lease terms	(23,466)	-
Depreciation charge for the year	(153,762)	(156,037)
	347,141	468,110
<b>Lease liabilities</b>		
<b>Maturity analysis - contractual undiscounted cash flows</b>		
Less than one year	207,044	185,564
One to five years	219,344	396,641
	426,388	582,205
<b>Lease liabilities included in the statement of financial position at 31 December</b>		
Current	185,209	153,849
Non-current	211,245	368,850
	396,454	522,699
<b>Amounts recognised in profit or loss</b>		
Interest on lease liabilities	32,906	41,862
<b>Amounts recognised in the statement of cash flows</b>		
Total cash outflow for leases	159,038	132,998
<b>NOTE 19. BORROWINGS</b>		
<b>Current</b>		
<i>Unsecured borrowings:</i>		
SPBD Microfinance Holdings (Singapore) Pte Ltd (a)	-	1,412,854
World Education Australia Limited (WEAL) (b)	66,000	57,000
MicroDreams Foundation USA (f)	129,394	-
Kiva Microfunds (e)	1,242,445	897,972
	1,437,839	2,367,826
<i>Secured borrowings:</i>		
Fiji Development Bank (c)	1,017,648	1,198,751
	1,017,648	1,198,751
Total current borrowings	\$ 2,455,487	3,566,577

NOTE 19. BORROWINGS (CONT'D)	2021	2020
<b>Non-Current</b>		
<i>Unsecured borrowings:</i>		
SPBD Microfinance Holdings (Singapore) Pte Ltd (a)	\$ 2,809,556	2,357,232
Evander Management Limited (d)	296,824	303,571
MicroDreams Foundation USA (f)	-	124,906
Total non-current unsecured borrowings	<u>3,106,380</u>	<u>2,785,709</u>
<i>Secured borrowings:</i>		
Fiji Development Bank (c)	<u>710,378</u>	<u>1,650,261</u>
Total non-current secured borrowings	<u>710,378</u>	<u>1,650,261</u>
Total non-current borrowings	<u>3,816,758</u>	<u>4,435,970</u>
Total borrowings	<u>\$ 6,272,245</u>	<u>8,002,547</u>

**Reconciliation of movement of liabilities to cash flows from financing activities**

	Borrowings (\$)	Lease Liabilities (\$)	Total (\$)
Balance at 1 January 2020	8,002,547	522,699	8,525,246
<b>Changes from financing cash flows</b>			
Proceeds from term loans	590,817	-	590,817
Repayment of term loans	(2,432,106)	-	(2,432,106)
Payment of lease liabilities	-	(159,038)	(159,038)
<b>Total changes from financing cash flows</b>	<b>(1,841,289)</b>	<b>(159,038)</b>	<b>(2,000,327)</b>
<b>Other changes - Liability related</b>			
Additions to lease liabilities	-	56,259	56,259
Effect of modification to lease terms	-	(23,466)	(23,466)
Transfer from interest payable	61,330	-	61,330
Interest expense	528,713	32,906	561,619
Interest accruals, net movement	66,520	-	66,520
Interest paid	(595,233)	(32,906)	(628,139)
Unrealised exchange loss on translation of foreign loans, net	49,657	-	49,657
<b>Total liability related other changes</b>	<b>110,987</b>	<b>32,793</b>	<b>143,780</b>
<b>Balance at 31 December 2021</b>	<b><u>6,272,245</u></b>	<b><u>396,454</u></b>	<b><u>6,668,699</u></b>

NOTE 19. BORROWINGS (CONT'D)

(a) Loans from SPBD Microfinance Holdings (Singapore) Pte Ltd

Particulars	Date loan is received	Amount	Interest rate	Repayment Term	Repayment commencement date		Repayment amount	Final repayment date	Balance at 31 December 2021		Balance at 31 December 2020	
					Interest	Principal			Current Amount (\$)	Non-current Amount (\$)	Current Amount (\$)	Non-current Amount (\$)
Loan 4	06/04/16	AUD 150,000	10%	Semi-annually	31/12/16	30/06/19	AUD 30,000	30/06/21	-	-	47,946	-
Loan 6a	27/10/17	AUD 100,000	8.5%	Quarterly	31/12/17	30/09/20	AUD 16,667	31/12/21	-	-	106,546	-
Loan 6b	27/10/17	NZD 300,000	8.5%	Quarterly	31/12/17	30/09/20	NZD 50,000	31/12/21	-	-	301,463	-
Loan 7	28/11/17	AUD 200,000	8.5%	Quarterly	31/03/18	30/09/20	AUD 33,333	31/12/21	-	-	213,093	-
Loan 8	28/11/17	NZD 200,000	8.5%	Quarterly	31/03/18	30/09/20	NZD 33,333	31/12/21	-	-	200,925	-
Loan 9	12/12/17	AUD 120,000	8%	Quarterly	31/03/18	30/09/20	AUD 20,000	31/12/21	-	-	127,857	-
Loan 12a	28/06/19	USD 77,565	10%	Semi-annually	31/12/19	30/06/23	USD 19,391	31/12/24	-	167,274	-	161,035
Loan 12b	28/06/19	AUD 184,000	10%	Semi-annually	31/12/19	30/06/23	AUD 46,000	31/12/24	-	288,492	-	294,071
Loan 12c	28/06/19	NZD 34,000	10%	Semi-annually	31/12/19	30/06/23	NZD 8,500	31/12/24	-	50,460	-	51,236
Loan 13	11/11/19	USD 400,000	9.5%	Semi-annually	30/06/20	30/06/20	USD 100,000	31/12/21	-	-	415,024	-
Loan 14a	30/12/19	USD 57,615	10%	Semi-annually	30/06/20	30/06/23	USD 14,404	31/12/24	-	124,251	-	119,558
Loan 14b	30/12/19	AUD 184,000	10%	Semi-annually	30/06/20	30/06/23	AUD 46,000	31/12/24	-	288,492	-	294,071
Loan 14c	30/12/19	NZD 34,000	10%	Semi-annually	30/06/20	30/06/23	NZD 8,500	31/12/24	-	50,460	-	51,236
Loan 15	30/06/20	USD 149,560	10%	Semi-annually	31/12/20	30/06/23	USD 37,390	31/12/24	-	322,536	-	310,356
Loan 15b	30/06/20	AUD 184,000	10%	Semi-annually	31/12/20	30/06/23	AUD 46,000	31/12/24	-	288,492	-	294,071
Loan 15c	30/06/20	NZD 34,000	10%	Semi-annually	31/12/20	30/06/23	NZD 8,500	31/12/24	-	50,460	-	51,236
Loan 16a	30/12/20	USD 100,000	10%	Semi-annually	30/06/21	30/06/23	USD 25,000	31/12/24	-	215,657	-	207,512
Loan 16b	30/12/20	AUD 170,000	10%	Semi-annually	30/06/21	30/06/23	AUD 42,500	31/12/24	-	266,541	-	271,696
Loan 16c	30/12/20	NZD 166,666	10%	Semi-annually	30/06/21	30/06/23	NZD 41,667	31/12/24	-	247,351	-	251,154
Loan 17a	31/12/21	USD 100,000	10%	Semi-annually	30/06/22	30/06/24	USD 25,000	31/12/25	-	215,657	-	-
Loan 17b	31/12/21	AUD 70,000	10%	Semi-annually	30/06/22	30/06/24	AUD 17,500	31/12/25	-	109,754	-	-
Loan 17c	31/12/21	NZD 83,333	10%	Semi-annually	30/06/22	30/06/24	NZD 20,833	31/12/25	-	123,679	-	-
<b>Total</b>									-	2,809,556	1,412,854	2,357,232

**NOTE 19. BORROWINGS (CONT'D)**

**Particulars relating to borrowings**

**(a) Loans from SPBD Microfinance Holdings (Singapore) Pte Ltd (Cont'd)**

Since the above loans are unsecured, the funder requires the following:

- The annual audited financial statements
- Unaudited quarterly financial statements.
- Such other information regarding the company or the loan program as the funder may reasonably request from time to time.

During the year ended 31 December 2021, the holding company has extended the loan repayment terms for principal loan amounting to \$449,085 due for repayment in 2021 through restructuring. The restructured loan amount of \$449,085 is subject to interest rates at a rate of 10% per annum. Principal repayment is payable semi-annually over two years effective from 30 June 2024.

**(b) World Education Australia Limited (WEAL)**

Loans from World Education Australia Limited (WEAL) was received to assist the company in financing its activities.

WEAL aggregates and disburses funds received from lenders for loan applicants sourced by the company.

The company undertakes to:

- lend the amount of funding (less any transaction fees agreed with WEAL); and
- use reasonable endeavours to ensure that the funding is used for the purpose(s) notified to WEAL in the initial application.

The company provides details of loan applicant, details of the manner in which the loan applicant proposes to repay the loan together with other details of the loan applicant which is disclosed on the WEAL website. Loan applicant details together with repayments are forwarded to WEAL every month. Since the loan is unsecured WEAL requires the company to provide regular reports to WEAL containing information required by WEAL from time to time.

In 2018, WEAL provided \$35,000 funds to SPBD at zero percent interest rate. The aim of the Good Return loan program is to support provision of responsible and appropriate financial services to low income people in Australia and Asia Pacific region, and thereby improve their lives through access to capital and skills development opportunities.

Additional loan amounting to \$75,700 was obtained in 2019, \$77,000 in 2020 and \$66,000 during the year, which is interest free.

**(c) Fiji Development Bank**

The loan is subject to competitive interest rate at a rate of 3.99% to 10% per annum variable and is repayable in monthly instalments of \$114,000 inclusive of interest. The loan is secured by cross guarantee from holding company, South Pacific Business Development Microfinance Holdings (Singapore) Pte Ltd for loan and lien and assignment over term deposit with Fiji Development Bank amounting to \$1,000,000.

**NOTE 19. BORROWINGS (CONT'D)**

**Particulars relating to borrowings (Cont'd)**

**(c) Fiji Development Bank (cont'd)**

As per the loan offer letter from FDB, the loan facility shall be repayable on demand and until demanded, shall be repayable in accordance with the repayment arrangements applicable to each loan facility. Demand for repayment can also be made upon a material breach or event of default by the company.

**(d) Evander Management Limited**

On 20 May 2020, the company received NZD 200,000 loan from Evander Management Limited. This loan is unsecured and subject to interest at the rate of 6% per annum. Interest payments commenced on 31 December 2020 and thereafter made semi-annually from 2021-2024. The final interest payment will be due on 31 December 2024.

Since the loan is unsecured, the Funder requires the following:

- Annual audited financial statements.
- Unaudited quarterly financial statements.

**(e) Kiva Microfunds**

Kiva Microfunds operates a web based business that allows website users throughout the world to connect with organisations that provide small loans to individuals or groups in developing countries.

The company is required to post loan requests on the website targeted to users who may be interested in providing funds to borrowers on a temporary basis. Kiva Microfunds may establish rules or restrictions concerning the types of loans that the company may post on the website. All loan obligations are in US dollars.

The loan obligation begins on the date on which the loan capital for a given loan is transmitted through Kiva's net billing process. As at balance date, the closing balance outstanding amounts to \$1,242,445 (USD 576,121).

Total outstanding balance for Kiva loan is classified as current portion since any balance due to Kiva must be paid at the end of each month. The loans provided in subsequent months are off-set against the balance outstanding. The loan is interest free. However, as per the terms of the agreement, the funder requires the company to disclose interest rates and other fees that are charged to its members.

Since the loans are unsecured, the Funder requires the following:

- Annual audited financial statements.
- Unaudited quarterly financial statements.

**NOTE 19. BORROWINGS (CONT'D)**

Particulars relating to borrowings (Cont'd)

**(f) MicroDreams Foundation USA**

On 20 December 2018, the company received loan from MircoDreams Foundation USA amounting to USD 60,000 with an interest rate of 7.5% for the purpose of providing small loans to poor women for the purpose of them starting a mirco business. Interest payment has begun from 30 June 2019 and thereafter will be made semi-annually during 2019 to 2021 and then quarterly beginning September 2022 and will be based on the amount of principal outstanding. The final interest payment will be due on 31 December 2022. Principal repayment will be made in two quarterly repayments of USD 30,000 each and will be due on 30 September 2022 and 31 December 2022.

Since the loans are unsecured, the Funder requires the following:

- Annual audited financial statements.
- Unaudited quarterly financial statements.
- A completed semi-annual report.
- Three well written SPBD Fiji member success stories with high quality photos every 6 months.
- Such other information regarding the company or the loan program as the funder may reasonably request from time to time.

**NOTE 20. SHARE CAPITAL**

	<u>2021</u>	<u>2020</u>
Issued and paid up capital		
1,000,000 ordinary shares	\$ 250,000	250,000
2,556,876 preference shares	<u>2,556,876</u>	<u>2,556,876</u>
Total issued and paid up capital	<u>\$ 2,806,876</u>	<u>2,806,876</u>

On 7 October 2014, 2,556,876 preference shares were issued and allotted to South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited which have the following rights and be subject to the following conditions:

- Are redeemable at par value at any time after 5 years from the date of issue and as determined and deemed appropriate by the directors;
- Are entitled to dividends not exceeding 6% per annum depending on profitability and financial position of the company and also, prior consent of Fiji Development Bank or such other financial institution or bank from which the company has obtained finance and given covenants regarding dividends;
- Carry similar voting rights as that of ordinary shareholders, and
- Do not entitle the holder to any additional seats on the board of the company.



NOTE 21. COMMITMENTS	2021	2020
a) Capital expenditure		
-Approved by the board and committed	\$ 29,350	-
-Approved by the board and not committed	72,000	-
Total capital expenditure commitments	\$ 101,350	-

Capital expenditure commitments of the company primary relate to ICT upgrade and setting of branches in Levuka and Kadavu.

**NOTE 22. CONTINGENT LIABILITIES**

Contingent liabilities as at 31 December 2021 amounted to \$Nil (2020: \$Nil).

**NOTE 23. RELATED PARTY DISCLOSURES**

(a) Holding company and ultimate holding company

The holding company is South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited, a company incorporated in Singapore and ultimate holding company is South Pacific Business Development Microfinance Holdings (Delaware) LLC, a company incorporated in United States of America.

(b) The director related entities are Transformative Ventures LLC and MicroDreams Foundation.

(c) The names of persons who were directors of the company at any time during the year are as follows:

Gregory F Casagrande	James Young
Elrico Munoz	Lorraine Seeto

(d) Transactions with related entities during the year ended 31 December 2021 and 2020 with approximate transaction values are summarized as follows:

- (i) Management fees amounting to \$124,094 (2020: \$135,644) was charged by Transformative Ventures LLC.
- (ii) Management fees amounting to \$60,643 (2020: \$61,729) was charged by South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited.
- (iii) Receipt of loan from South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited amounted to \$Nil (2020: \$Nil) and repayment of loan to South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited amounted to \$965,727 (2020: \$Nil). During the year, principal loan amounting to \$449,085 (2020:\$1,386,023) was restructured to new loans with interest rates of 10% per annum.
- (iv) Interest on loan amounting to \$316,596 (2020: \$332,848) was charged by South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited.
- (v) Interest on loan amounting to \$9,645 (2020: \$9,277) was paid to MicroDreams Foundation USA.
- (vi) Loan amounting to \$Nil (2020: \$50,000) was provided to a director subject to interest at a rate of 8.33%. Interest received during the year amounts to \$4,500 (2020: \$1,500) and the loan balance as at 31 December 2021 amounts to \$Nil (2020: \$37,500).

**NOTE 23. RELATED PARTY DISCLOSURES (CONT'D)**

- (d) Amount due to, and receivable from related entities:

Approximate disclosure of these amounts is contained in the respective notes to the financial statements.

- (e) Key management personnel remuneration

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.

Mr Gregory F Casagrande (director) was identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling the activities of the company.

There was no remuneration or benefits paid by the company to the key management personnel during the year.

Certain management services are provided by the related entities for which management fees is being charged on an annual basis.

**NOTE 24. SIGNIFICANT EVENTS DURING THE YEAR**

During the year:

- a) The second wave of novel coronavirus (COVID-19) outbreak developed during the earlier part of year presents a significant challenge for the company and its members. The lock-down of areas, stoppage of the passenger interisland vessels and nationwide curfew and other Government measures to isolate areas and restrict movements had an impact on carrying the regular field and branch operations of the company. The field operations was on hold from April to September 2021 and recommenced from October 2021.

The company responded to the risk of potential deterioration in its loan portfolio by providing members with 7 month grace period from April 2021 to October 2021 on the repayment of the principal. Members were charged 0.5% per week loan extension interest on their loans.

Additionally, members have been provided with COVID-19 Online Relief Loan who had no existing loan, which can be used for business expansion, utility payments, food security and medical needs. This is payable over 50 weeks with add-on interest of 20% per annum. Members are required to lock-in their savings equivalent to one third of the loan amount in applying loans under this scheme.

- b) In December 2020, Tropical Cyclone Yasa hit Fiji and severely affected certain parts of the Northern division of Fiji and various outer Islands. As a consequence, large number of members of the company having their business in this part of Fiji have been significantly affected. Members who have lost homes or business have been provided with TC Yasa rehabilitation loan which is payable over 50 weeks with add-on interest of 20%. Members are required to lock-in their savings equivalent to one third of the loan amount.
- c) The holding company has extended the loan repayment terms for certain principal loan due for repayment in 2021 by way of restructuring these loans.

With the support of the above initiatives together with the support from the holding company and loan from funders and other strategies implemented by the company, there has been a minimal impact to the loan portfolio and the loss incurred by the company as result of these events.

**NOTE 25.       EVENTS SUBSEQUENT TO BALANCE DATE**

Except for the continuing impact of COVID-19 pandemic into 2022 financial year, no other matters or circumstance have arisen since the end of the financial year which would require adjustment to, or disclosure in, the financial statements.

**NOTE 26.       APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the board of directors and authorised for issue on \_\_\_\_\_ 2022.