

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE (FIJI) PTE (LTD)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

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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 2024, 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
William Hamlen

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 \$1,041,649 (2023: \$630,472).

Dividends

The directors recommend that no amounts be paid by way of dividends for the year ended 31 December 2024.

Basis of Accounting - Going Concern

The financial statements of the company 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 these financial statements as they believe that the company has adequate funds to meet its liabilities as and when they fall due over the next twelve months.

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.

Events Subsequent to Balance Date

No matters or circumstances have arisen since the end of the financial year, which would require adjustments 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.

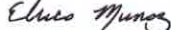
DIRECTORS' REPORT [CONT'D]**Directors' Benefits**

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 21st day of May 2025.

DocuSigned by:

.....554A5E428502490.....
Director

DocuSigned by:

.....4DB6C72717274BB.....
Director

DIRECTORS' DECLARATION

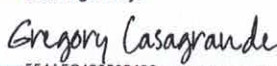
The declaration by directors is required by the Companies Act, 2015.

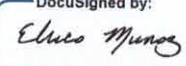
The directors of the company have made a resolution that declares:

- a) In the opinion of the directors, the financial statements of the company for the financial year ended 31 December 2024:
 - 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 2024 and of the performance and cash flows of the company for the year ended 31 December 2024; 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 21st day of May 2025.

DocuSigned by:

.....564A6C428502480.....
Director

DocuSigned by:

.....4DB6C727472748B.....
Director

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

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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 2024, 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

21 May 2025

INDEPENDENT AUDITOR'S REPORT

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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 2024;
- 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 material 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 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting standards (IFRS) Accounting Standards as issued by the International Accounting Standards Board (IASB).

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 *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Fiji and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The 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.

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

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 Accounting Standards as issued by the IASB 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.

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.

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

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- 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.

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
21 May 2025

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE (FIJI) PTE (LTD)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

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	<u>Notes</u>	<u>2024</u>	<u>2023</u>
Financial Income			
Development fee	\$	557,398	472,609
Interest on loans		4,237,193	3,200,758
Membership fee		934,824	978,965
Resignation fee		3,914	11,363
Savings withdrawal and maintenance fee		210,078	212,378
Total financial income		5,943,407	4,876,073
Financial Expenses			
Bank charges		-	(22,383)
Foreign exchange gain / (loss), net		(80,518)	10,849
Guarantee fees		(39,097)	(27,942)
Interest on lease liabilities		(18,851)	(13,568)
Interest and other financial charges on borrowed funds		(591,403)	(654,836)
Interest on savings deposits		(85,380)	(67,315)
Total financial expenses		(815,249)	(775,195)
Net financial income		5,128,158	4,100,878
Other operating income	6	200,957	97,711
Total operating income		5,329,115	4,198,589
Impairment loss on loans and receivables		(85,970)	(141,506)
Administration and operating expenses	7	(3,884,127)	(3,213,121)
Operating profit before income tax		1,359,018	843,962
Income tax expense	8 (a)	(317,369)	(213,490)
Profit for the year		1,041,649	630,472
Other comprehensive income		-	-
Total comprehensive income for the year	\$	1,041,649	630,472

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 2024

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	<u>Share Capital</u>	<u>Accumulated Losses</u>	<u>Total</u>
	\$	\$	\$
Balance as at 1 January 2023	2,806,876	(4,263,064)	(1,456,188)
Comprehensive income			
Profit for the year	-	630,472	630,472
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	630,472	630,472
Balance as at 31 December 2023	2,806,876	(3,632,592)	(825,716)
Comprehensive income			
Profit for the year	-	1,041,649	1,041,649
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	1,041,649	1,041,649
Balance as at 31 December 2024	2,806,876	(2,590,943)	215,933

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 2024

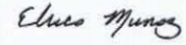
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	<u>Notes</u>	<u>2024</u>	<u>2023</u>
CURRENT ASSETS			
Cash on hand and at bank		\$ 1,496,710	1,287,243
Loan portfolio outstanding	10	11,259,676	9,831,125
Receivables	11	273,269	278,348
Inventory		84,295	47,923
Total current assets		13,113,950	11,444,639
NON-CURRENT ASSETS			
Investments	17	1,000,000	1,000,000
Deferred tax asset	8 (c)	66,147	81,478
Right-of-use assets	18	832,525	173,636
Intangible assets	12	32,594	34,640
Plant, equipment and fixtures	13	370,847	256,434
Total non-current assets		2,302,113	1,546,188
TOTAL ASSETS		15,416,063	12,990,827
CURRENT LIABILITIES			
Clients' savings deposits	14	5,935,279	4,941,163
Payables	15	1,124,732	1,357,297
Provisions	16	83,924	66,638
Lease liability	18	214,584	80,788
Current tax liability	8(b)	208,006	124,374
Borrowings	19	2,563,192	2,368,514
Total current liabilities		10,129,717	8,938,774
NON-CURRENT LIABILITIES			
Lease liability	18	635,791	84,589
Borrowings	19	4,434,622	4,793,180
Total non-current liabilities		5,070,413	4,877,769
TOTAL LIABILITIES		15,200,130	13,816,543
NET ASSETS / (LIABILITIES)		215,933	(825,716)
SHAREHOLDERS' FUNDS			
Share capital	20	2,806,876	2,806,876
Accumulated losses		(2,590,943)	(3,632,592)
TOTAL SHAREHOLDERS' FUND / (DEFICIT)		\$ 215,933	(825,716)

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.

DocuSigned by:

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 Director

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 4DB6072717074BB.....
 Director

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE (FIJI) PTE (LTD)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

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	2024 Inflows / (Outflows)	2023 Inflows / (Outflows)
Cash flows from operating activities		
Interest, development, loan and other fees received	\$ 6,144,363	4,974,537
Loans to clients and staff	(18,570,400)	(16,201,350)
Repayments from clients and staff	17,140,117	13,048,472
Client savings deposit, net of withdrawals	994,116	1,341,106
Payments to suppliers, employees and members	(3,975,806)	(2,864,269)
Income tax paid	(218,405)	-
Interest paid	(695,634)	(644,770)
Net cash provided by/ (used in) operating activities	818,351	(346,274)
Cash flows from investing activities		
Payment for intangible assets	(12,870)	(1,600)
Payments for plant, equipment and fixtures	(248,772)	(116,813)
Proceeds from disposal of motor vehicles and equipment	-	1,650
Net cash used in investing activities	(261,642)	(116,763)
Cash flows from financing activities		
Payment for lease liability	(111,568)	(208,118)
Proceeds from term loans	1,237,550	2,156,826
Repayment of term loans	(1,473,224)	(1,310,354)
Net cash provided by / (used in) financing activities	(347,242)	638,354
Net increase in cash and cash equivalents	209,467	175,317
Cash and cash equivalents at the beginning of the year	1,287,243	1,111,926
Cash and cash equivalents at the end of the year (Note 9)	\$ 1,496,710	1,287,243

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 Basis of Accounting - Going Concern

The financial statements of the company 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 these financial statements as they believe that the company has adequate funds to meet its liabilities as and when they fall due over the next twelve months.

NOTE 2. BASIS OF PREPARATION (CONT'D)

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) Presentation and Functional 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.

f) Changes in Accounting Policies

a) *New standards, interpretations and amendments effective during the year*

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

- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures).
- Lease Liability in a Sale and Leaseback (*Amendment* to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements);

b) *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 on or after 1 January 2025:

- Lack of Exchangeability (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates).

The following amendments are effective for the period beginning on or after 1 January 2026:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7).

The following amendments are effective in Fiji for the period beginning on or after 1 January 2026:

- IFRS S1 - General requirements for disclosure of sustainability-related financial information. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across a Company's value chain.
- IFRS S2 - Climate-related disclosures. This standard sets out requirements for entities to disclose information about climate-related risks and opportunities.

The following amendments are effective for the period beginning 1 January 2027:

- IFRS 18 Presentation and Disclosure in Financial Statements.

The Company is currently assessing the effect of these new accounting standards and amendments.

IFRS 18 *Presentation and Disclosure in Financial Statements*, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 *Basis of Preparation of Financial Statements* (renamed from *Accounting Policies, Changes in Accounting Estimates and Errors*). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

NOTE 3. SUMMARY OF MATERIAL 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. Effective from 1 November 2022, company charges a fee of 3% - 3.5% on respective loan types.

(iii) Membership fee

The annual membership fee for new members have been updated from 1 November 2022 and categorised into two levels in charging membership fee for the year as follows:

Date of Entry of New Member	Amount (\$)
1 January - 30 June	120
1 July - 31 December	60

Annual membership fee for the succeeding year for existing members is \$120.

(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

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.

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

(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.

(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.

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

(e) Property, Plant and Equipment (Cont'd)

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% (5 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.

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.

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

(g) Leases (Cont'd)

Policy applicable as a lessee (cont'd)

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.

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.

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

(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.

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.

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

(i) Financial Assets (Cont'd)

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

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.

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.

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

(i) Financial Assets (Cont'd)

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

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.

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(i)(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(j))), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

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

(i) Financial Assets (Cont'd)

(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.

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.

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

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

Measurement of ECLs (cont'd)

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.

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.

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

(n) Client Savings Deposits

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

The **Mandatory Savings** for a member is computed at 10% of the current loan to be deducted from loan proceeds. If the member has already fulfilled the minimum Mandatory Savings requirement, there is no need to deduct from loan proceeds. This is built up by saving at least \$2 per week.

Locked-in Savings are equivalent to the loan top-up but inclusive of Mandatory Savings. For example, if the member's maximum loan (after credit scoring) is \$3,000 but she wants to have a \$4,000 loan, then the locked-in savings before loan approval is \$1,000. If she already has a \$300 Mandatory Savings balance, then she needs only an additional \$700 for locked-in savings.

Voluntary Savings are any savings on top of the Mandatory and Locked-In Savings. This can be withdrawn anytime. After the member's loan has been paid off, any excess Mandatory and/or Locked-in Savings shall be transferred to Voluntary Savings.

Centres and Groups are likewise required to maintain Group and Centre Funds as follows:

Fund Type	Start-Up (\$)	Existing (\$)
Group fund	40	200
Centre fund	80	400

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.

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

(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.

(r) Death Benefit Provision

Death benefit provision is made to cover death benefit claims for members based on past death benefit claims and provisions.

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

(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:

	2024	2023
	FJD	FJD
USD	2,844,945	2,448,427
AUD	1,180,504	1,223,166
NZD	477,481	649,424

NOTE 4. RISK MANAGEMENT (CONT'D)

4.1 Financial Risk Factors (Cont'd)

(a) Market Risk (cont'd)

i) Foreign exchange risk (cont'd)

Foreign currency sensitivity analysis

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

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	
	2024 FJD	2023 FJD	2024 FJD	2023 FJD
Australian Dollar - AUD	107,319	111,197	(131,167)	(135,907)
US Dollar - USD	258,631	237,968	(316,105)	(290,850)
New Zealand Dollar - NZD	43,407	59,039	(53,054)	(72,158)

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.

NOTE 4. RISK MANAGEMENT (CONT'D)

4.1 Financial Risk Factors (Cont'd)

(b) Credit Risk (cont'd)

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.

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

	2024	2023
Impairment loss on loan receivables	\$ 1,732	33,045
Impairment loss on other receivables	\$ 84,238	108,461

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 \$1,496,710 as at 31 December 2024 (2023: \$1,287,243). 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 Total (\$)	Undiscounted Less than 1 year (\$)	Cash Flow 1 - 5 years (\$)
At 31 December 2024				
Client savings deposit	5,935,279	5,935,279	5,935,279	-
Payables	1,124,732	1,124,732	1,124,732	-
Lease liability	850,375	1,041,207	267,188	774,019
Borrowings	6,997,814	13,995,629	5,066,768	8,928,861
Total	14,908,200	22,096,847	12,393,967	9,702,880
At 31 December 2023				
Client savings deposit	4,941,163	4,941,163	4,941,163	-
Payables	1,357,297	1,357,297	1,357,297	-
Lease liability	165,377	248,550	93,288	155,262
Borrowings	7,161,694	8,740,774	2,947,350	5,793,424
Total	13,625,531	15,287,784	9,339,098	5,948,686

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 3 (d) - Deferred tax assets

NOTE 6. OTHER OPERATING INCOME

	2024	2023
Client Training Programme, net	\$ 67,558	19,021
Financial booklet	200	153
Gain on sale of fixed assets	-	1,650
Income from term deposit	20,000	15,000
Loan write-off recoveries	6,353	15,501
Commissions	73,994	33,090
Grant and donations	8,000	-
Miscellaneous income	24,852	13,296
	<hr/>	<hr/>
Total other operating income	200,957	97,711

NOTE 7. ADMINISTRATION AND OPERATING EXPENSES

Auditors' remuneration for:		
- Audit fees	33,000	31,000
- Other services	39,808	14,000
Bank charges	8,827	6,663
Death benefit	178,006	240,000
Depreciation	286,953	301,164
Director fees	11,000	11,000
Electricity and water	44,320	37,908
Fiji Bloom registration fee, net	-	384
FNPF contribution	137,876	105,985
Fringe Benefit Tax	447	1,192
Legal fees	41,137	15,882
Local traveling	45,913	74,426
Management fees	623,351	316,566
Membership and subscriptions	1,194	530
Office expenses	132,199	88,058
Other expenses	173,751	107,707
SPBD Awards night - Ticket Sales	1,083	1,352
Internal audit and supervision	14,194	14,103
Printing and office stationeries	28,875	21,544
Professional fees	26,847	8,435
Postage, telephone and communication	61,802	58,321
Rent expense	125,195	-
Repairs and maintenance	53,236	38,619
Salaries and wages	1,113,913	1,019,246
Staff benefits	174,467	195,403
Training and development - staff and client	83,744	35,102
Training levy	11,611	10,602
Transportation, fuel and oil	431,378	457,929
	<hr/>	<hr/>
	\$ 3,884,127	3,213,121

NOTE 8. INCOME TAX

2024

2023

(a) Income tax expense

The prima facie income tax expense on profit is reconciled as follows:

Profit before income tax	\$ 1,359,018	843,962
Prima facie tax thereon at 25%	339,755	210,991
Tax effect of:		
Income tax incentives and concessions	(4,195)	(2,191)
Effect of change in tax rate from 20% to 25%	-	(28,368)
Under / (over) provision of income tax in prior year	(18,191)	33,058
Income tax expense attributable to profit	317,369	213,490
Income tax expense comprises movements in:		
Current tax liability	302,037	148,437
Deferred tax assets	15,332	65,053
	317,369	213,490

(b) Current tax liability

Movements during the year were as follows:

Balance at the beginning of the year	(124,374)	24,063
Tax liability for the year	(330,570)	(148,437)
Overprovision of income tax in prior year	28,533	-
Income tax paid during the year	218,405	-
Balance at the end of the year	(208,006)	(124,374)

(c) Deferred tax assets

Deferred tax assets comprise of the estimated future benefit at future income tax rate of 25% the following items:

Provision for employee entitlement and death benefit	20,981	16,660
Allowance for impairment loss on loans and other receivables	64,400	68,201
Difference between right of use assets and lease liabilities	4,463	(2,065)
Difference in carrying value of plant, equipment and fixtures for accounting and income tax purpose	(40,022)	(1,318)
Unrealised exchange loss	16,325	-
Balance at the end of the year	66,147	81,478

NOTE 9. NOTES TO THE STATEMENT OF CASH FLOWS

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.

Petty cash	-	567
Vodafone M-Paisa account	647,187	566,743
Cash at bank	849,523	719,933
Total cash on hand and at bank	\$ 1,496,710	1,287,243

NOTE 10. LOANS PORTFOLIO OUTSTANDING

	2024	2023
Movement:		
Opening balance	\$ 9,831,125	6,710,238
Disbursements	18,570,400	16,201,350
Repayments	(17,140,117)	(13,048,472)
Loan write-offs during the year	-	1,055
Net movement in allowance for impairment loss on loan	(1,732)	(33,046)
Closing balance	11,259,676	9,831,125
Accumulative Since Inception:		
Total loan disbursements	113,842,048	95,271,648
Repayments	(103,392,227)	(86,252,110)
Interest income capitalised to restructured loan	1,356,218	1,356,218
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	(406,921)	(406,921)
Gross loans portfolio outstanding	11,400,461	9,970,178
Allowance for impairment of loan (a)	(140,785)	(139,053)
Net loans portfolio outstanding	11,259,676	9,831,125

(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	139,053	107,062
Loan loss expense for the year	1,732	33,046
Loan loss allowance - write-offs - principal	-	(1,055)
Balance at 31 December	\$ 140,785	139,053

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%	11,019,995	110,200
1 week to 4 weeks late	5%	305,895	15,295
5 weeks to 8 weeks late	10%	40,911	4,091
9 weeks to 12 weeks late	25%	24,361	6,090
13 weeks to 16 weeks late	50%	8,380	4,190
17 weeks to 20 weeks late	75%	-	-
21 weeks or more	100%	919	919
		11,400,461	140,785
Allowance Required as of 31 December 2024			140,785

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

NOTE 10. LOANS PORTFOLIO OUTSTANDING (CONT'D)

(a) Allowance for impairment on loan and write-offs (Cont'd)

Write-Offs

The decision as to which loans to write off and to which to provide loan allowance in 2024 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
1,250	10,000	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.

Loans Disbursed during 2024			
Loan Type	Number of New Loans	Principal Amount (\$)	Amount as % of Total Portfolio
Group loans (New)	1,594	2,221,700	12.0%
Group loans (Existing)	4,315	13,176,000	71.0%
White Goods loans	1,340	1,994,800	10.7%
SME Loans	62	828,150	4.5%
Higher Education Loans	35	59,100	0.3%
Staff loans	75	290,650	1.6%
Total	7,421	18,570,400	100%
<i>Average loan size at disbursement</i>		2,502	

Loans Disbursed during 2023			
Loan Type	Number of New Loans	Principal Amount (\$)	Amount as % of Total Portfolio
Group loans (New)	1,967	2,697,750	16.7%
Group loans (Existing)	4,303	11,384,200	70.3%
White Goods loans	1,167	1,531,200	9.5%
SME Loans	16	212,200	1.3%
Higher Education Loans	51	55,400	0.3%
Staff loans	90	320,600	2.0%
Total	7,594	16,201,350	100%
<i>Average loan size at disbursement</i>		2,133	

NOTE 10. LOANS PORTFOLIO OUTSTANDING (CONT'D)

(b) Portfolio Composition (Cont'd)

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, R. C. Manubhai & Co. Ltd and Gulabdas & Sons Pte Limited for Levuka members.

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

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
11,000	30,000	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%

(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 2024		
		Outstanding Principal Balance (\$)	PAR > 30 days Amount (\$)	PAR > 30 Days
Group Loans				
Current	5,401	9,193,462	-	-
1-4 weeks late (<30 days)	176	227,067	-	-
5-8 weeks late (30 to 60 days)	54	38,520	38,520	0.34%
9-12 weeks late (60 to 90 days)	25	18,178	18,178	0.16%
13-16 weeks late (90 to 120 days)	7	4,135	4,135	0.04%
Total	5,663	9,481,362	60,833	0.54%

NOTE 10. LOANS PORTFOLIO OUTSTANDING (CONT'D)

(c) Portfolio Quality (Cont'd)

Loan Types	Number of Accounts	31 December 2024		
		Outstanding Principal Balance (\$)	PAR > 30 days Amount (\$)	PAR > 30 Days
SME Loans				
Current	56	581,878	-	-
1-4 weeks late (<30 days)	3	29,310	-	-
Total	59	611,188	-	-
Higher Education Loans				
Current	21	18,746	-	-
1-4 weeks late (<30 days)	2	750	-	-
9-12 weeks late (60 to 90 days)	1	166	166	-
Total	24	19,662	166	-
White Goods Loan				
Current	1,215	1,098,785	-	-
1-4 weeks late (<30 days)	65	47,126	-	-
5-8 weeks late (30 to 60 days)	4	1,485	1,485	0.01%
9-12 weeks late (60 to 90 days)	1	155	155	-
13-16 weeks late (90 to 120 days)	4	4,245	4,245	0.04%
over 20 weeks late (over 150 days)	1	26	26	-
Total	1,290	1,151,822	5,911	0.05%
Staff Loans				
Current	26	127,125	-	-
1-4 weeks late (<30 days)	3	1,641	-	-
5-8 weeks late (30 to 60 days)	1	906	906	0.01%
9-12 weeks late (60 to 90 days)	2	5,862	5862	-
over 20 weeks late (over 150 days)	1	893	893	0.01%
Total	33	136,427	7,661	0.02%

Loan Types	Number of Accounts	31 December 2024		
		Outstanding Principal Balance (\$)	PAR > 30 days Amount (\$)	PAR > 30 Days
Total Loan				
Current	6,719	11,019,995	-	-
1-4 weeks late	249	305,895	-	-
5-8 weeks late	59	40,911	40,911	0.36%
9-12 weeks late	29	24,361	24,361	0.21%
13-16 weeks late	11	8,380	8,380	0.07%
17-20 weeks late	-	-	-	0.00%
Over 20 weeks late	2	919	919	0.01%
Total	7,069	11,400,461	74,571	0.65%

NOTE 10. LOANS PORTFOLIO OUTSTANDING (CONT'D)

(c) Portfolio Quality (Cont'd)

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.

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.

NOTE 11. RECEIVABLES	2024	2023
Prepayments and other receivables	\$ 270,264	350,399
Less: Allowance for impairment loss	(116,814)	(125,308)
	153,450	225,091
Deposits	119,819	53,257
Total receivables	273,269	278,348
Movement in Allowance for impairment loss Other Receivables:		
Balance at 1 January	125,308	16,847
Additional/ (reversal) allowance during the year, net	84,238	108,461
Written off against provision	(92,732)	-
Balance at 31 December	116,814	125,308

NOTE 12. INTANGIBLE ASSETS

Computer software and electronics system	105,958	88,111
Less: Allowance for amortisation	(89,764)	(69,871)
	16,194	18,240
Work in progress - Software	16,400	16,400
Total intangible assets	\$ 32,594	34,640

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 (\$)
Gross carrying amount						
Balance at 1 January 2023	53,101	156,792	42,301	286,335	86,900	625,429
Additions	17,420	10,586	4,036	31,535	57,000	120,577
Disposal	-	(4,669)	(4,349)	(37,441)	-	(46,459)
Balance at 31 December 2023	70,521	162,709	41,988	280,429	143,900	699,547
Additions	50,344	28,251	12,637	38,876	118,664	248,772
Disposal	-	(1,346)	(138)	(11,078)	-	(12,562)
Balance at 31 December 2024	120,865	189,614	54,487	308,227	262,564	935,757
Accumulated depreciation						
Balance at 1 January 2023	45,585	113,566	21,989	183,889	9,295	374,324
Depreciation	10,633	16,962	5,895	57,657	24,147	115,294
Disposal	-	(4,313)	(4,632)	(37,560)	-	(46,505)
Balance at 31 December 2023	56,218	126,215	23,252	203,986	33,442	443,113
Depreciation	14,270	14,275	6,512	55,657	35,428	126,142
Disposal	-	(1,346)	(138)	(11,078)	-	(12,562)
Adjustment	-	498	(2)	4,481	3,240	8,217
Balance at 31 December 2024	70,488	139,642	29,624	253,046	72,110	564,910
Net book value						
Balance at 31 December 2023	14,303	36,494	18,736	76,443	110,458	256,434
Balance at 31 December 2024	50,377	49,972	24,863	55,181	190,454	370,847

NOTE 14. CLIENT SAVINGS DEPOSITS

	2024	2023
Number of Savings Accounts	\$ 10,455	9,022
Client savings balance	5,935,279	4,941,163

The company encourages its members to develop a regular habit of savings. All members are required to open a savings account. The **Mandatory Savings** for a member is computed at **10%** of the loan amount deducted from loan proceeds, If the members has already fulfilled the minimum Mandatory Savings requirement, there is no need to deduct from loan proceeds. Members who opt for a loan size higher than their eligibility amount are required to maintain a **Locked-In Savings** equivalent to the incremental loan top-up (inclusive of Mandatory Savings).

Members are allowed to make **Voluntary Savings** in addition to any savings they may have as the Mandatory and Locked-In Savings. Voluntary savings can be withdrawn anytime during the loan tenure or after the completion of the loan. After the member's loan has been paid off, the Mandatory and/ or Locked-In Savings get transferred to Voluntary Savings. The company also encourages the Centres and Groups to maintain some savings in the form of a group and centre fund in order to help its fellow members in need.

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

Payable for white goods loan	964,880	1,165,651
Accrued interest	28,770	99,396
Other accruals	131,082	92,250
Total payables	1,124,732	1,357,297

NOTE 16. PROVISIONS

Employee entitlements	33,924	25,144
Death benefit for members	50,000	41,494
	83,924	66,638

NOTE 17. INVESTMENTS

<i>Non current</i>		
Term deposit	\$ 1,000,000	1,000,000

Term deposit with Fiji Development Bank is for more than 12 months at 2% interest rate 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.

NOTE 18. LEASES

2024

2023

The company leases various premises. Information about leases for which the company is a lessee is presented below:

Right-of-use assets

Balance as at 1 January	\$	173,636	198,625
Additions		846,055	158,425
Depreciation charge for the year		(137,678)	(169,545)
Disposal		(49,488)	(13,869)
Balance as per 31 December		832,525	173,636

Lease liabilities

Maturity analysis - contractual undiscounted cash flows

Less than one year	267,188	93,288
One to five years	774,019	155,262

Total undiscounted lease liabilities at 31 December	1,041,207	248,550
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Lease liabilities included in the statement of financial position at 31 December

Current	214,584	80,788
Non-current	635,791	84,589
	850,375	165,377

Amounts recognised in profit or loss

Variable lease payments not included in the measurement of lease liability	107,550	-
Interest on lease liabilities	18,851	13,568
	126,401	13,568

Amounts recognised in the statement of cash flows

Total cash outflow for leases	111,568	208,118
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NOTE 19. BORROWINGS

Current

Unsecured borrowings:

Evander Management Limited (c)	-	143,678
Kiva Microfunds (d)	1,683,613	1,354,700
Total current unsecured borrowings	1,683,613	1,498,378

Secured borrowings:

Vision Investments Limited (e)	250,000	-
Fiji Development Bank (b)	629,579	870,136
Total current secured borrowings	879,579	870,136
Total current borrowings	\$ 2,563,192	2,368,514

NOTE 19. BORROWINGS (CONT'D)

	2024	2023
Non-Current		
<i>Unsecured borrowings:</i>		
SPBD Microfinance Holdings (Singapore) Pte Ltd (a)	\$ 2,819,317	2,822,639
Total non-current unsecured borrowings	2,819,317	2,822,639
<i>Secured borrowings:</i>		
Vision Investments Limited (e)	250,000	-
Fiji Development Bank (b)	1,365,305	1,970,541
Total non-current secured borrowings	1,615,305	1,970,541
Total non-current borrowings	4,434,622	4,793,180
Total borrowings	\$ 6,997,814	7,161,694

Reconciliation of movement of liabilities to cash flows from financing activities

	Borrowings (\$)	Lease Liabilities (\$)	Total (\$)
Balance at 1 January 2024	7,161,694	165,377	7,327,071
Changes from financing cash flows			
Proceeds from term loans	1,237,550	-	1,237,550
Repayment of term loans	(1,473,224)	-	(1,473,224)
Payment of lease liabilities	-	(111,568)	(111,568)
Total changes from financing cash flows	(235,674)	(111,568)	(347,242)
Other changes - Liability related			
Additions to lease liabilities, net	-	796,566	796,566
Interest expense	591,403	18,851	610,254
Interest paid	(591,403)	(18,851)	(610,254)
Unrealised exchange loss in translation of foreign loans, net	71,794	-	71,794
Total liability related other changes	71,794	796,566	868,360
Balance at 31 December 2024	6,997,814	850,375	7,848,189

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 2023		Balance at 31 December 2024	
					Interest	Principal			Current Amount (\$)	Non-current Amount (\$)	Current Amount (\$)	Non-current Amount (\$)
Loan 2023a	01/07/23	USD 484,740	10%	Semi-annually	31/12/23	31/12/26	121,185 USD	30/06/2028	-	1,093,727	-	1,161,332
Loan 2023b	01/07/23	AUD 792,000	10%	Semi-annually	31/12/23	31/12/26	198,000 AUD	30/06/2028	-	1,223,166	-	1,180,504
Loan 2023c	01/07/23	NZD 352,000	10%	Semi-annually	31/12/23	31/12/26	88,000 NZD	30/06/2028	-	505,746	-	477,481
Total									-	2,822,639	-	2,819,317

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.

In 2021, the holding company had 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 was subject to interest rates at a rate of 10% per annum. Principal repayment was payable semi-annually over two years effective from 30 June 2023.

As per the loan offer letter dated 5 October 2023 from Fiji Development Bank, one of the sustaining condition of the bank is that no parent or shareholder debts could be paid unless debt-to-equity ratio set by Reserve Bank of Fiji is met.

As a result of the above condition, on 1 July 2023, the holding company has consolidated all the loan into a single loan, currency wise. The consolidated loan amounting of \$2,822,639 is subject to interest at a rate of 10% per annum. Principal repayment is payable semi-annually over two years effective from 31 December 2026. Interest payment will be made semi-annually by or on 30 June and 31 December of each year. The last and final interest will be due on 30 June 2028.

(b) Fiji Development Bank

The company has three loans are subject to competitive interest rate at a rate of 3.99% to 6.50% per annum variable. One of the loan has been fully repaid during the year. In 2022, the company acquired a loan of \$1,500,000 and is repayable in a six monthly repayment of \$180,000 inclusive of interest.

In 2023, the company acquired a new loan of \$1,500,000 and is subject to a competitive interest rate of 6.50% per annum variable and is repayable in a six monthly repayment of \$180,000 inclusive of interest.

The loans are secured by cross guarantee from holding company, South Pacific Business Development Microfinance Holdings (Singapore) Pte Ltd and lien and assignment over term deposits with Fiji Development Bank amounting to \$1,000,000.

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.

(c) 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 repayment was made in the current year.

NOTE 19. BORROWINGS (CONT'D)

Particulars relating to borrowings (Cont'd)

(c) Evander Management Limited (cont'd)

Since the loan was unsecured, the Funder required the following:

- 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.

(d) 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 \$1,683,613 FJD (USD: \$702,740).

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.

From November 2022, Kiva Microfunds credit limit increased from USD\$600,000 to USD\$1,000,000.

(e) Vision Investments Limited

During the year, the company acquired a new loan of \$500,000 and is subject to a competitive interest rate of 8% per annum on the principal outstanding on the loan.

Interest payments is made monthly starting from April 2024 is due on the last date of each month. The principal is repayable by two semi-annual payment of \$250,000 each due at 30 September 2025 and 31 March 2026.

The loan is secured by the following:

- i) First priority of pledge over an A-grade loan portfolio, which shall be free of any prior charges or encumbrances. The pledge includes all rights, titles, and interests in the loan portfolio. The total value of the pledged loan portfolio shall be one hundred per cent (100%) of the principal amount outstanding of the loan at any given time.
- ii) Registered second fixed and floating charge given by SPBD Microfinance (Fiji) Pte. Ltd over all its assets and undertakings, including its uncalled and called but unpaid capital.

NOTE 20. SHARE CAPITAL

	2024	2023
Issued and paid up capital		
1,000,000 ordinary shares	\$ 250,000	250,000
2,556,876 preference shares	2,556,876	2,556,876
Total issued and paid up capital	2,806,876	2,806,876

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

a) Capital expenditure		
- Approved by the board and committed	100,000	-
- Approved by the board and not committed	100,000	-
Total capital expenditure commitments	\$ 200,000	-

Capital expenditure commitments of the company primary relate to new office upgrade, purchase of motor vehicles.

NOTE 22. CONTINGENT LIABILITIES

Contingent liabilities as at 31 December 2024 amounted to \$Nil (2023: \$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
Elrico Munoz
William Hamlen

James Young
Lorraine Seeto

NOTE 23. RELATED PARTY DISCLOSURES (CONT'D)

- (d) Transactions with related entities during the year ended 31 December 2024 and 2023 with approximate transaction values are summarized as follows:
- (i) Management fees amounting to \$476,922 (2023: \$192,529) was charged by Transformative Ventures LLC.
 - (ii) Management fees amounting to \$146,428 (2023: \$124,037) was charged by South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited.
 - (iii) Interest on loan amounting to \$289,713 (2023: \$296,476) was charged by South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited.
- (e) Amount due to, and receivable from related entities:

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

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. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which would require adjustments to, or disclosure in the financial statements.

NOTE 25. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 21 May 2025.