BDO

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE (FIJI) (LTD)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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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) (Ltd) (the company) as at 31 December 2017, 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
Peter Lowing

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 loss after income tax for the year was $416,307 (2016: $334,053).

Dividends

The directors recommend that no amounts be paid by way of dividends for the year ended 31 December 2017.

Going Concern Basis of Accounting

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

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

Current and Non-Current Assets

Prior to the completion of the company's financial statements, the directors took reasonable steps to ascertain whether any current and non-current assets were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the company. Where necessary, these assets have been written down or adequate allowance has been made to bring the values of such assets to an amount that they might be expected to realise.

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

DIRECTORS' REPORT [CONT'D]

Loan Loss Allowance

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 loan 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 loan loss, or the allowance for loan 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 circumstance have arisen since the end of the financial year which would require adjustment to, or disclosure in, the financial statements.

Other Circumstances

As at the date of this report:

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

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

(iii) no contingent liabilities or other liabilities of the company have become or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the company to meet its obligations as and when they fall due.

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

Directors' Benefits

No director has received or become entitled to receive a benefit (other than those disclosed in the financial statements) by reason of a contract made by the company or by a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

Dated this 30th day of April 2018.

....
Director

....
Director

DIRECTORS' DECLARATION

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

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

a) In the opinion of the directors, the financial statements of the company for the financial year ended 31 December 2017:

   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 2017 and of the performance and cash flows of the company for the year ended 31 December 2017; 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 30th day of April 2018.

Director

Director

BDO

Tel: +679 331 4300
Fax: +679 330 1841
Email: info@bdo.com.fj
Offices in Suva and Lautoka

BDO
Chartered Accountants
Level 10, FNPF Place
343 Victoria Parade
GPO Box 855
Suva, Fiji

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE (FIJI) (LTD)

As auditor for the audit of South Pacific Business Development Microfinance (Fiji) (Ltd) for the financial year ended 31 December 2017, 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

BDO
CHARTERED ACCOUNTANTS

30 April 2018

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Offices in Suva and Lautoka

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Chartered Accountants
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Suva, Fiji

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the South Pacific Business Development Microfinance (Fiji) (Ltd) (the company), which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting standards (IFRS).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

As disclosed in Note 20 of the financial statements, the financial position and other conditions indicate the existence of a material uncertainty about the company's ability to continue as a going concern. The appropriateness of the going concern assumption on which the financial statements are prepared is critically dependent on its ability to achieve profitable operations, generate sufficient cash flows to meet its obligations on a timely basis and continued financial support and other ongoing support from the founder of the company and the holding company, South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the company be unable to continue as a going concern.

Responsibilities of the Management and Directors for the Financial Statements

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

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

Responsibilities of the Management and Directors for the Financial Statements (Cont'd)

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

The management and directors are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) we have been given all information, explanations and assistance necessary for the conduct of the audit; and

b) the company has kept financial records sufficient to enable the financial statements to be prepared and audited.

BDO
CHARTERED ACCOUNTANTS

Wathsala Suraweera
Partner
Suva, Fiji
30 April 2018

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE (FIJI) (LTD)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes		2017	2016
Financial Income				
Development fee		$	183,548	160,939
Interest on loans			1,840,856	1,587,216
Membership fee			506,243	452,760
Resignation fee			4,300	7,970
Savings withdrawal fee			7,489	7,500
Total financial income			2,542,436	2,216,385
Financial Expenses				
Interest and other financial charges on borrowed funds			(493,662)	(418,065)
Interest on savings deposits			(27,775)	(26,220)
Loan loss allowance			(5,604)	(18,542)
Total financial expenses			(527,041)	(462,827)
Net financial income			**2,015,395**	**1,753,558**
Other operating income	6		116,521	118,878
Total operating income			**2,131,916**	**1,872,436**
Administration and operating expenses	7		(2,548,223)	(2,206,489)
Operating loss before income tax			**(416,307)**	**(334,053)**
Income tax expense	8 (a)		-	-
Loss for the year			**(416,307)**	**(334,053)**
Other comprehensive income			-	-
Total comprehensive loss for the year		$	**(416,307)**	**(334,053)**

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) (LTD)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Share Capital	Accumulated Losses	Total
	$	$	$
Balance as at 1 January 2016	2,806,876	(5,121,550)	(2,314,674)
Loss for the year	-	(334,053)	(334,053)
Other comprehensive income	-	-	-
Balance as at 31 December 2016	**2,806,876**	**(5,455,603)**	**(2,648,727)**
Loss for the year	-	(416,307)	(416,307)
Other comprehensive income	-	-	-
Balance as at 31 December 2017	**2,806,876**	**(5,871,910)**	**(3,065,034)**

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

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE (FIJI) (LTD)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes		2017	2016
CURRENT ASSETS				
Cash on hand and at bank		$	576,947	234,864
Loan portfolio outstanding	10		4,857,781	4,646,257
Receivables	11		173,962	121,225
Inventory			42,570	-
Total current assets			5,651,260	5,002,346
NON-CURRENT ASSETS				
Property, plant and equipment	12		176,805	202,722
Total non-current assets			176,805	202,722
TOTAL ASSETS			5,828,065	5,205,068
CURRENT LIABILITIES				
Clients' savings deposits	13		2,013,636	1,798,988
Payables	14		231,820	178,503
Provisions	15		20,952	14,231
Borrowings	16		1,990,597	833,480
Total current liabilities			4,257,005	2,825,202
NON-CURRENT LIABILITIES				
Borrowings	16		4,636,094	5,028,593
Total non-current liabilities			4,636,094	5,028,593
TOTAL LIABILITIES			8,893,099	7,853,795
NET LIABILITIES			(3,065,034)	(2,648,727)
SHAREHOLDERS' FUND				
Share capital	17		2,806,876	2,806,876
Accumulated losses			(5,871,910)	(5,455,603)
TOTAL SHAREHOLDERS' FUND DEFICIT		$	(3,065,034)	(2,648,727)

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

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

.... Director

.... Director

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

		2017 Inflows / (Outflows)	2016 Inflows / (Outflows)
Cash flows from operating activities			
Interest, development, loan and other fees received	$	2,612,623	2,316,742
Loans to clients and staff		(7,859,184)	(8,094,911)
Repayments from clients and staff		7,642,056	6,857,501
Client savings deposit, net		186,873	258,408
Payments to suppliers, employees and members		(2,397,170)	(2,088,667)
Interest and other financial charges paid on loans		(463,365)	(430,990)
Net cash used in operating activities		(278,167)	(1,181,917)
Cash flows from investing activities			
Payments for property, plant and equipment		(52,862)	(80,074)
Proceeds from sale of fixed asset		4,813	19,000
Net cash used in investing activities		(48,049)	(61,074)
Cash flows from financing activities			
Proceeds from related entities, net		1,340,849	1,167,074
Proceeds from term loans		4,248	264,742
Repayment of term loans		(676,798)	(459,490)
Net cash provided by financing activities		668,299	972,326
Net increase / (decrease) in cash and cash equivalents		**342,083**	**(270,665)**
Cash and cash equivalents at the beginning of the year		234,864	505,529
Cash and cash equivalents at the end of the year (Note 9)	$	**576,947**	**234,864**

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) (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).

NOTE 2. BASIS OF PREPARATION (CONT'D)

c) Going Concern Basis of Accounting

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

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

d) Comparatives

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

e) Changes in Accounting Policies

Amendments to standards and annual improvements effective from 1 January 2017

A number of amendments to standards and annual improvements are effective for the first time for periods beginning on (or after) 1 January 2017. None of the amendments have a material effect on the company's annual financial statements.

Amendments and annual improvements which are relevant to the entity are presented below.

1. IAS 7: Amendment - Disclosure Initiative

New standards, amendments, annual improvements and interpretation that have been issued but are not mandatorily effective as at 31 December 2017

Certain new standards, amendments, annual improvements and interpretation which are not yet mandatorily effective and have not been adopted early in these financial statements, will or may have an effect on the company's future financial statements. The company intends to adopt these standards, amendments, annual improvements and interpretation if applicable, when they become effective.

i) IFRS 15: Revenue from Contracts with Customers

ii) IFRS 16: Leases

iii) IFRS 9: Financial Instruments

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Revenue Recognition

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

(i) *Interest income on loans*

In accordance with the Disclosure Guidelines for Financial Reporting of Microfinance Institutions, interest income on loans is recognised using a cash-based method where they are recognised at the time they are received. Hence, if the loan (with the interest) is paid before it is due, then the interest income is recognised at the time of collection, whereas if the loan (with the interest) is in arrears then no interest income is recognised.

(ii) *Development fees*

The company charges a fee on the principal loan amount for group and SME loans to be used to cover the cost of training clients, loan evaluation and monitoring. The company charges a fee of 2.5% on the principal amount. This fee is deducted from the loan proceeds, and are recognised in the period received.

(iii) *Membership fee*

Effective from 1 August 2015, a membership scheme has been introduced and membership fees are charged to the members for entitlements given by the company.

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

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

Annual membership fee for the succeeding year for existing members is $75.

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

(iv) *Savings withdrawal fee*

A fee of $2 is charged by the company to its members when they withdraw from their savings accounts and are recognised in the period received.

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

(b) Foreign Currency Translation

Functional and presentation currency

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

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

(d) Income Tax

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

Current Tax

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

Deferred Tax

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

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

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

Current and deferred tax for the period

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

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

(e) Property, Plant and Equipment

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

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

Depreciation is calculated so as to write off the net cost of property, plant and equipment over its expected useful life.

The principal annual rates employed are as follows:

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

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

(f) Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Company as lessor

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

(g) Impairment of non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible 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.

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

(g) Impairment of non-financial assets (cont'd)

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.

(h) Financial Assets

The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets. The company's loans and receivables comprise loan portfolio outstanding and receivables as disclosed in Notes 10 and 11, respectively in the financial statements.

(i) Loans Portfolio Outstanding

Loans, net of loan loss allowance, include direct financial assistance provided to economically disadvantaged people particularly women who cannot easily access savings and loan products from traditional banks.

They are carried at recoverable amount represented by the gross value of the outstanding balance adjusted for loan loss allowance.

(j) Cash and Cash Equivalents

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

(k) 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.

(l) 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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Client Savings Deposits

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

A savings account is required to be established by client in order for consideration for loan by depositing $10. An existing member without an open savings account is required to make an initial deposit of $20 when applying for second loan.

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

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

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

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

Any savings amount that is above the required minimum compulsory savings balance (plus "locked-in" savings) is considered to be voluntary savings. Voluntary savings can be withdrawn at any time and the minimum savings that can be made is $1 during centre meeting and $10 at the centre office.

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

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

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

(n) Payables

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

(o) 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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) 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.

(q) Death Benefit Provision

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

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

(r) 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. FINANCIAL 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:

	2017	2016
	F$	F$
USD	817,498	1,027,547
AUD	2,189,560	1,442,459
NZD	1,178,577	440,863

NOTE 4. FINANCIAL 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	
	2017 FJD	2016 FJD	2017 FJD	2016 FJD
Australian Dollar - AUD	199,049	131,133	(243,282)	(160,273)
US Dollar - USD	74,318	93,414	(90,833)	(114,172)
New Zealand Dollar - NZD	107,143	40,078	(130,953)	(48,985)

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.

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial Risk Factors (Cont'd)

(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.

	Less than 1 year	1 - 5 years	Total
	$	$	$
At 31 December 2017			
Client savings deposit	2,013,636	-	2,013,636
Payables	231,820	-	231,820
Borrowings	1,990,597	4,636,094	6,626,691
Total	4,236,053	4,636,094	8,872,147
At 31 December 2016			
Client savings deposit	1,798,988	-	1,798,988
Payables	178,503	-	178,503
Borrowings	833,480	5,028,593	5,862,073
Total	2,810,971	5,028,593	7,839,564

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) Decree 2010. Under Section 3 (1) of the Decree, 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 relevant wages regulations and employment legislation.

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

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

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.

Critical Judgments in Applying the Company's Accounting Policies

(a) Impairment of loans

Impairment of loans balances is assessed at an individual as well as on a collective level. A loan loss allowance is made based on the appraisal carried out at year end and in accordance with the Disclosure Guidelines for Financial Reporting of Microfinance Institutions (refer Note 10 (a)).

(b) Deferred tax assets

Deferred tax assets are recognized on deductible temporary differences and for all tax losses to the extent it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely level of future taxable profits together with future planning strategies. The management's assessment of taxable profit forecast involves making a judgment, at the particular point in time, about inherent uncertain future outcomes of events or conditions. Accordingly, subsequent events may result in outcomes that are significantly different from assessment.

(c) Death benefit provision

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

NOTE 6. OTHER OPERATING INCOME

		2017	2016
Donation	$	30,725	-
Financial booklet		830	2,272
Gain on sale of fixed assets		3,764	9,439
Interest from bank		80	143
Loan write-off recoveries		2,259	-
M-Paisa commission		-	88
Miscellaneous income		30,223	11,641
SPBD awards night, net		-	19,181
Sales commission		7,390	24,132
Vehicle rental		41,250	42,900
Realised exchange gain		-	9,082
Total other operating income		116,521	118,878

NOTE 7. ADMINISTRATION AND OPERATING EXPENSES

		2017	2016
Auditors' remuneration for:			
- Audit fees		26,700	26,000
- Other services		12,300	12,100
Bank charges		3,829	2,383
BWY Awards		38,464	-
Death benefit		119,108	154,093
Depreciation		77,730	82,858
Electricity and water		22,748	22,734
Exchange loss, net - unrealised		96,319	46,309
Fines and Penalty		174	-
FNPF contribution		62,666	63,229
Fringe Benefit Tax		359	479
Management fees		484,303	408,410
Membership and subscriptions		-	327
M-Paisa commission		-	106
Office expenses		55,391	46,068
Other expenses		119,321	82,580
Overseas traveling		20,911	15,176
Printing and office stationeries		59,783	34,343
Professional fees		7,075	11,004
Postage, telephone and communication		33,468	28,698
Rent		150,524	128,540
Repairs and maintenance		10,435	9,205
Salaries and wages		622,257	640,679
Staff benefits		63,784	65,847
Training and development - staff and client		79,765	10,461
Training levy		6,198	9,744
Transportation, fuel and oil		374,611	305,116
	$	2,548,223	2,206,489

NOTE 8. INCOME TAX

(a) Income Tax Expense

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

		2017	2016
Loss before income tax	$	(416,307)	(334,053)
Prima facie tax thereon at 20%		(83,261)	(66,811)
Tax effect of:			
Non-deductible expenses		6,373	6,419
Deferred tax assets on tax losses and temporary differences not recognized		76,888	60,392
Income tax expense		-	-

(b) Deferred Tax Assets not Recognised

The deferred tax assets relating to estimated tax losses and temporary differences amounting to approximately $492,714 (2016: $634,736) have not been brought to account as its realization is not considered probable. The deferred tax assets will only be realised if:

(i) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised;

(ii) the company continues to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the losses.

NOTE 9. NOTES TO THE STATEMENT OF CASH FLOWS

a) Cash on Hand and at Bank

	2017	2016
Petty cash	4,500	4,000
Vodafone M-Paisa account	377,714	121,938
Cash at bank	194,733	108,926
Total cash on hand and at bank	576,947	234,864

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

NOTE 10. LOANS PORTFOLIO OUTSTANDING

Movement:

		2017	2016
Opening balance		4,646,257	3,427,389
Disbursements		7,859,184	8,094,911
Repayments		(7,642,056)	(6,857,501)
Net movement in loan loss allowance		(5,604)	(18,542)
Closing balance	$	4,857,781	4,646,257

NOTE 10. LOANS PORTFOLIO OUTSTANDING (CONT'D)

Accumulative Since Inception:		2017	2016
Total loan disbursements	$	36,403,936	28,544,752
Repayments		(31,334,910)	(23,692,854)
Interest income capitalised to restructured loan		8,180	8,180
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		(172,041)	(172,041)
Gross loans portfolio outstanding		4,906,508	4,689,380
Loan loss allowance (a)		(48,727)	(43,123)
Net loans portfolio outstanding		4,857,781	4,646,257

(a) Loan Loss Allowance and Write-Offs

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

Movement in Loan Loss allowance

Opening balance		43,123	24,581
Loan loss expense for the year		5,604	18,542
Closing balance	$	48,727	43,123

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		4,689,850	-
1 week to 4 weeks late	5%	127,379	6,369
5 weeks to 8 weeks late	10%	30,169	3,017
9 weeks to 12 weeks late	25%	7,236	1,809
13 weeks to 16 weeks late	50%	25,413	12,706
17 weeks to 20 weeks late	75%	6,538	4,903
21 weeks or more	100%	19,923	19,923
Allowance Required as of 31 December 2017		4,906,508	48,727

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

Write-Offs

The decision as to which loans to write off and to which to provide loan allowance in 2017 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 President of the company.

NOTE 10. LOANS PORTFOLIO OUTSTANDING (CONT'D)

(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
700	850	39 weeks	20%
900	5,000	52 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 2017			
Loan Type	Number of New Loans	Principal Amount $	Amount as % of Total Portfolio
Group loans (New)	1,462	1,298,150	17%
Group loans (Existing)	3,369	5,729,150	73%
White Goods loans	572	553,834	7%
SME Loans	23	193,000	2%
Higher Education Loans	21	17,750	0%
Staff loans	40	67,300	1%
Total	5,487	7,859,184	100%
Average loan size at disbursement		1,432	

Loans Disbursed during 2016			
Loan Type	Number of New Loans	Principal Amount $	Amount as % of Total Portfolio
Group loans (New)	1,369	1,001,550	12%
Group loans (Existing)	3,133	4,641,300	57%
Restructured Loans	1,290	1,038,450	13%
Rehabilitation Loans	972	682,200	8%
White Goods Loan	598	549,500	7%
SME Loans	9	72,000	1%
Staff loans	50	109,911	1%
Total	7,421	8,094,911	100%
Average loan size at disbursement		1,091	

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.

NOTE 10. LOANS PORTFOLIO OUTSTANDING (CONT'D)

(b) Portfolio Composition (Cont'd)

White goods loans are given to clients for purchase of white goods. These loans are given by way of vouchers redeemable from Courts Fiji.

As a result of large number of members significantly affected by Tropical Cyclone Winston in prior year, the company provided the following loans to the members:

(i) The members have been provided with the option to restructure the loan whereby both the principal and interest balance were considered to be new restructured principal amount which is payable over 78 weeks.

(ii) Member who have lost a home or business has been provided with rehabilitation loan which is payable over 78 weeks.

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

Minimum Loan Amount $	Maximum Loan Amount $	Loan Term	Add-on-interest
7,000	16,000	52 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	850	39 weeks	20%
900	2,000	52 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 her 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 2017		
		Outstanding Principal Balance $	PAR > 30 days Amount $	PAR > 30 Days
Group Loans				
Current	4,473	4,282,000	-	-
1-4 weeks late	171	85,376	-	-
5-8 weeks late	33	24,791	24,791	0.51%
9-12 weeks late	7	7,236	7,236	0.15%
13-16 weeks late	66	10,935	10,935	0.22%
17-20 weeks late	40	3,974	3,974	0.08%
Over 20 weeks late	48	9,934	9,934	0.20%
Total	**4,838**	**4,424,246**	**56,870**	**1.16%**

NOTE 10. LOANS PORTFOLIO OUTSTANDING (CONT'D)

(c) Portfolio Quality (Cont'd)

Loan Types	Number of Accounts	31 December 2017 Outstanding Principal Balance $	PAR > 30 days Amount $	PAR > 30 Days
Restructured Loans				
13-16 weeks late	33	6,248	6,248	0.13%
Total	**33**	**6,248**	**6,248**	**0.13%**
Rehabilitation Loans				
Current	32	432	-	-
1-4 weeks late	3	208	-	-
13-16 weeks late	55	5,622	5,622	0.11%
Total	**90**	**6,262**	**5,622**	**0.11%**
SME Loans				
Current	24	158,083	-	-
Total	**24**	**158,083**	**-**	**-**
Higher Education Loans				
Current	11	3,573	-	-
Total	**11**	**3,573**	**-**	**-**
White Goods Loan				
Current	360	212,279	-	-
1-4 weeks late	103	41,795	-	-
5-8 weeks late	6	4,270	4,270	0.09%
13-16 weeks late	3	2,608	2,608	0.05%
Over 21 weeks late	21	3,225	3,225	0.07%
Total	**493**	**264,177**	**10,103**	**0.21%**
Staff Loans				
Current	22	33,483	-	-
5-8 weeks late	1	1,108	1,108	0.02%
17-20 weeks late	2	2,564	2,564	0.05%
Over 21 weeks late	10	6,764	6,764	0.14%
Total	**35**	**43,919**	**10,436**	**0.21%**

NOTE 10. LOANS PORTFOLIO OUTSTANDING (CONT'D)

(c) Portfolio Quality (Cont'd)

Loan Types	Number of Accounts	31 December 2017		
		Outstanding Principal Balance $	PAR > 30 days Amount $	PAR > 30 Days
Total Loan				
Current	4,922	4,689,850	-	-
1-4 weeks late	277	127,379	-	-
5-8 weeks late	40	30,169	30,169	0.61%
9-12 weeks late	7	7,236	7,236	0.15%
13-16 weeks late	157	25,413	25,412	0.52%
17-20 weeks late	42	6,538	6,537	0.13%
Over 20 weeks late	79	19,923	19,923	0.41%
Total	**5,524**	**4,906,508**	**89,277**	**1.82%**

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 provisions 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.

NOTE 11. RECEIVABLES

		2017	2016
Prepayments and other receivables	$	133,602	80,685
Deposits		40,360	40,540
Total receivables	$	173,962	121,225

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment 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 ($)	Software and electronics system ($)	Total ($)
Gross carrying amount							
Balance at 1 January 2016	29,644	80,251	9,951	100,090	190,755	32,196	442,887
Additions	900	7,812	4,862	9,000	57,500	-	80,074
Disposal	-	-	-	-	(34,500)	-	(34,500)
Balance at 31 December 2016	30,544	88,063	14,813	109,090	213,755	32,196	488,461
Additions	5,000	17,185	3,400	26,277	-	1,000	52,862
Disposal	-	-	-	(9,750)	-	-	(9,750)
Balance at 31 December 2017	35,544	105,248	18,213	125,617	213,755	33,196	531,573
Accumulated depreciation							
Balance at 1 January 2016	29,028	51,459	7,197	75,918	45,633	18,584	227,819
Depreciation	1,005	16,409	1,680	15,598	41,929	6,237	82,858
Disposal	-	-	-	-	(24,938)	-	(24,938)
Balance at 31 December 2016	30,033	67,868	8,877	91,516	62,624	24,821	285,739
Depreciation	2,227	10,471	1,978	15,556	42,751	4,747	77,730
Disposal	-	-	-	(8,701)	-	-	(8,701)
Balance at 31 December 2017	32,260	78,339	10,855	98,371	105,375	29,568	354,768
Net book value							
Balance at 31 December 2016	511	20,195	5,936	17,574	151,131	7,375	202,722
Balance at 31 December 2017	3,284	26,909	7,358	27,246	108,380	3,628	176,805

NOTE 13. CLIENT SAVINGS DEPOSITS		2017	2016
Number of Savings Accounts	$	9,098	9,033
Client savings balance		2,013,636	1,798,988

A savings account is required to be established by client in order for consideration for loan by depositing $10. An existing member without an open savings account is required to make an initial deposit of $20 when applying for second loan.

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

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

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

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

Any savings amount that is above the required minimum compulsory savings balance (plus "locked-in" savings) is considered to be voluntary savings. Voluntary savings can be withdrawn at any time and the minimum savings that can be made is $1 during centre meeting and $10 at the centre office.

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.

NOTE 14. PAYABLES

Accrued interest		40,688	10,391
Other accruals		191,132	168,112
Total payables		231,820	178,503

NOTE 15. PROVISION

Employee entitlements		9,918	10,697
Death benefit for members		11,034	3,534
	$	20,952	14,231

NOTE 16. BORROWINGS

		2017	2016
Current			
Unsecured borrowings:			
PIF Foundation loan (a)	$	-	90,000
SPBD Microfinance Holdings (Singapore) Pte Ltd loan 5 (g)(i)		99,216	99,216
SPBD Microfinance Holdings (Singapore) Pte Ltd loan 10 (g)(ii)		72,289	72,289
SPBD Microfinance Holdings (Singapore) Pte Ltd loan 15 (g)(iii)		196,078	-
SPBD Microfinance Holdings (Singapore) Pte Ltd loan 16 (g)(iv)		196,078	-
SPBD Microfinance Holdings (Singapore) Pte Ltd loan 18 (g)(vi)		354,550	-
SPBD Microfinance Holdings (Singapore) Pte Ltd loan 22 (g)(x)		64,982	-
Whole Planet Foundation (f)		70,948	35,474
World Education Australia Limited (WEAL) (b)		70,027	55,503
Total current unsecured borrowings		1,124,168	352,482
Secured borrowings:			
CreSud S.p.A (c)		167,049	347,072
Credit Corporation (Fiji) Limited (d)		28,562	25,428
Fiji Development Bank (e)		670,818	108,498
Total current secured borrowings		866,429	480,998
Total current borrowings		1,990,597	833,480
Non-Current			
Unsecured borrowings:			
Whole Planet Foundation (f)		106,422	177,370
SPBD Microfinance Holdings (Singapore) Pte Ltd loan 5 (g)(i)		24,802	124,015
SPBD Microfinance Holdings (Singapore) Pte Ltd loan 10 (g)(ii)		54,217	126,527
SPBD Microfinance Holdings (Singapore) Pte Ltd loan 15 (g)(iii)		294,118	470,367
SPBD Microfinance Holdings (Singapore) Pte Ltd loan 16 (g)(iv)		294,118	470,367
SPBD Microfinance Holdings (Singapore) Pte Ltd loan 17 (g)(v)		245,098	235,183
SPBD Microfinance Holdings (Singapore) Pte Ltd loan 18 (g)(vi)		531,826	893,742
SPBD Microfinance Holdings (Singapore) Pte Ltd loan 19 (g)(vii)		610,978	-
SPBD Microfinance Holdings (Singapore) Pte Ltd loan 20 (g)(viii)		625,171	-
SPBD Microfinance Holdings (Singapore) Pte Ltd loan 21 (g)(ix)		196,078	-
SPBD Microfinance Holdings (Singapore) Pte Ltd loan 22 (g)(x)		97,474	-
Evander Management Limited (h)		149,187	152,021
MicroDreams Foundation USA (i)		133,014	138,178
MicroDreams Foundation New Zealand (i)		29,837	30,404
World Education Australia Limited (WEAL) (b)		-	40,000
Total non-current unsecured borrowings		3,392,340	2,858,174
Secured borrowings:			
CreSud S.p.A (c)		-	173,535
Credit Corporation (Fiji) Limited (d)		43,616	72,174
Fiji Development Bank (e)		1,200,138	1,924,710
Total non-current secured borrowings		1,243,754	2,170,419
Total non-current borrowings		4,636,094	5,028,593
Total borrowings	$	6,626,691	5,862,073

NOTE 16. BORROWINGS (CONT'D)

(a) PIF Foundation

Unsecured loan amounting to FJD 120,000 was received on 12 July 2012 to assist in financing its activities at an interest rate of 4% per annum. Interest payments made annually and are due on 31 July of each year. The first interest payment was made on 31 July 2013. Interest payment is based on the average amount of principal outstanding for the preceding twelve months. The final interest payment was due on 31 July 2017.

The first principal repayment was done on 31 October 2016 amounting to $30,000. The company made four quarterly principal repayments of $30,000. The final principal payment was made by end of 31 July 2017.

Since the loan was unsecured, the Funder required the annual audited financial statements, access to the President or General Manager for general discussion and such other information regarding the company or the loan program as the Funder may reasonably request from time to time.

The funder also required the following reports within 45 days at the end of each quarter.

- Management report providing update on program activities, intermediate outputs and progress towards targeted outcomes.
- Financial Performance Report.
- Other reports reasonably requested by the Funder including explanation around administrative issues, legal advice and staffing.

(b) World Education Australia Limited (WEAL)

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

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

The company undertakes to:

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

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

Loan amounting to $30,027 as at 31 December 2017 is interest free.

On 9 May 2016, WEAL has raised funds from a social investor with the specific purpose of providing a concessional loan facility to partners. A supplementary loan has been advanced by WEAL to the company amounting to $40,000 at the interest rate of 5% per annum. Interest was paid in arrears for the period to 30 June 2017 and at final maturity for the period to 28 February 2018. The principal amount of $40,000 is payable on 28 February 2018.

NOTE 16. BORROWINGS (CONT'D)

(c) CreSud S.p.A

Loan amounting to USD 400,000 received on 22 September 2014 to assist the company in financing its activities at an interest rate of 9.5% per annum. Principal and Interest payments is of USD 80,000, made semi-annually. The first principal payment was due on 31 March 2016. The final principal and interest payments will be due on 31 March 2018.

The loan is secured by guarantee issued by Microdreams Foundation to CreSud S.p.A for an amount of USD 260,000 until 30 April 2016, USD 160,000 from 1 May 2016 until 30 April 2017 and USD 56,000 from 1 May 2017 to 30 April 2018. Microdreams Foundation would be responsible for up to a maximum of 65%, 50% and 35% respectively of any total loss or USD 260,000, USD 160,000, USD 56,000, whichever is less.

The funder also requires the following:

- quarterly financial statements.
- annual audited financial statements.

(d) Credit Corporation (Fiji) Limited

During the year ended 31 December 2015, the company obtained a term loan to assist in financing for the purchase of new motor vehicles. The loan is subject to fixed interest rate of 6.5% per annum. The loan is repayable by monthly instalments of $2,958 inclusive of principal and interest over a term of 60 months. The loan is secured by the Asset Purchase Agreement over motor vehicle HW 439, HW 440 and HW 458.

(e) Fiji Development Bank

In 2014, the company obtained loan amounting to $2,000,000 to assist in financing its activities. Due to adverse impacts of Cyclone Winston on the company's customers in 2016, interest rate had been reduced from 10% per annum variable to 6% per annum variable effective from October 2016 for 12 months until September 2017. Thereafter, interest rate has been reverted to 10% per annum variable.

The loan was repayable by interest only repayments till September 2017. Thereafter, repayment of $68,700 (principal, interest and bank fees) per month is payable. The loan is secured by cross guarantee from holding company, South Pacific Business Development Microfinance Holdings (Singapore) Pte Ltd for loan.

(f) Whole Planet Foundation

Unsecured loan amounting to FJD 212,844 was received on 21 August 2014 to assist the company in financing its activities. This loan is interest free. Principal repayments will be made in twelve quarterly instalments of FJD 17,737 each with the first repayment due on 30 September 2017. The loan is due in full on 30 June 2020.

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

- Project reports within thirty days following the end of each calendar quarter.
- Final project report within thirty days following full payment or termination of the loan.
- Financial Progress report within thirty days following the end of each six month period.
- Annual Financial report at the end of the borrowers annual accounting period.
- Final Financial report with respect to all expenditures made related to the principal amount.

NOTE 16. BORROWINGS (CONT'D)

(g) South Pacific Business Development Microfinance Holdings (Singapore) Pte Ltd

(i) Unsecured loan amounting to FJD 297,644 received on 30 April 2013 is interest free. Principal repayments began 38 months after the disbursement of the loan. The first principal repayment was due on 30 June 2016. The company will make twelve quarterly principal repayments of $24,804 each. The final principal payment must be made on 31 March 2019.

Since the 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.

(ii) Unsecured loan amounting to FJD 216,888 received on 10 December 2013 is interest free. The first principal repayment was due on 15 December 2016. The company will make twelve quarterly principal repayments of $18,072 each. The final principal payment must be made on 15 September 2019.

Since the 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.

(iii) Unsecured loan amounting to AUD 300,000 received on 30 November 2015 at an interest rate of 11% per annum. Principal and Interest payments will be made semi-annually. The first interest payment was due on 31 March 2016 while the first principal repayment of AUD 60,000 will be due on 31 March 2018.

Since the 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.

(iv) Unsecured loan amounting to AUD 300,000 received on 22 December 2015 at an interest rate of 11% per annum. Principal and Interest payments will be made semi-annually. The first interest payment was due on 31 March 2016 while the first principal repayment of AUD 60,000 will be due on 31 March 2018.

Since the 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.

NOTE 16. BORROWINGS (CONT'D)

(g) South Pacific Business Development Microfinance Holdings (Singapore) Pte Ltd (Cont'd)

(v) Unsecured loan amounting to AUD 150,000 received on 6 April 2016 at an interest rate of 10% per annum. Principal and Interest payments will be made semi-annually. The first interest payment was due on 31 December 2016 while the first principal repayment of AUD 30,000 will be due on 30 June 2019.

Since the 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.

(vi) Unsecured loan amounting to AUD 170,000, NZD 170,000 and USD 170,000 received on 31 October 2016 at an interest rate of 10% per annum. Principal and Interest payments will be made semi-annually. The first interest payment was due on 31 December 2016, while the first principal payment of AUD 34,000, NZD 34,000 and USD 34,000 will be due on 30 June 2018.

Since the 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.

(vii) Unsecured loan amounting to AUD 100,000 and NZD 300,000 received on 27 October 2017 at an interest rate of 8.5% per annum. Principal and interest repayments will be made on a quarterly basis. The first interest repayment was due on 31 December 2017 while the first principal repayment of AUD 16,667 and NZD 50,000 will be due on 30 September 2020.

Since the 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.

(viii) Unsecured loan amounting to AUD 200,000 and NZD 200,000 received on 28 November 2017 at an interest rate of 8.5% per annum. Principal and interest repayments will be made on a quarterly basis. The first principal repayment of AUD 33,333 and NZD 33,333 will be due on 30 September 2020. Interest payments will begin on 31 March 2018.

Since the 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.

NOTE 16. BORROWINGS (CONT'D)

(g) South Pacific Business Development Microfinance Holdings (Singapore) Pte Ltd (Cont'd)

(ix) Unsecured loan amounting to AUD 120,000 was received on 12 December 2017 at an interest rate of 8.5% per annum. Principal and interest payments will be made on a quarterly basis. The first principal repayment of AUD 20,000 will be due on 30 September 2020. Interest payments will begin on 31 March 2018 and will be made based on the amount of principal outstanding for each quarterly period.

Since the loan is 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.

(x) Unsecured loan amounting to USD 77,800 received on 20 December 2017 at an interest rate of 10% per annum. Principal and interest repayments will be made semi-annually. The first principal repayment of USD 15,560 will be due on 31 March 2018. The first interest payment will be due on 31 March 2018.

Since the loan is 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.

(h) Evander Management Limited

On 20 May 2016, the company received NZD 100,000 loan from Evander Management Limited. This loan is unsecured and subject to interest at the rate of 1.5% per annum. Interest payments is due on 31 December 2016, 31 December 2017, 31 December 2018 and the last 4 payments on a quarterly basis from 30 September 2019. The final interest payment will be due on 30 June 2020.

The company will make four repayments of NZD 25,000 each commencing from 30 September 2019 to 30 June 2020.

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

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

(i) MicroDreams Foundation USA and MicroDreams Foundation New Zealand

On 15 May 2016 and 27 May 2016, the company received loan from MicroDreams Foundation USA and MicroDreams Foundation New Zealand amounting to USD 63,700 and NZD 20,000 respectively, for funding the Cyclone Recovery Loan Programmes; to provide small loans to women affected by Tropical Cyclone Winston for the purpose of them starting, growing, or rebuilding a microbusiness.

Loans from MicroDreams Foundation USA is unsecured and subject to interest at the rate of 3% per annum. The first interest payment was due on 31 December 2016. Principal repayment will be made in instalments of $31,850 on 31 March 2019 and 30 June 2019.

NOTE 16. BORROWINGS (CONT'D)

(i) MicroDreams Foundation USA and MicroDreams Foundation New Zealand (Cont'd)

Loans from MicroDreams Foundation New Zealand is unsecured and subject to interest at the rate of 6% per annum. The first interest payment was due on 15 December 2016. Principal repayment will be due on 15 June 2019.

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

- Annual audited financial statements.
- Unaudited quarterly financial statements.
- A completed semi-annual report.
- Three well written SPBD Fiji member success stories with high quality photos every 6 months.

NOTE 17. SHARE CAPITAL

		2017	2016
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 18. COMMITMENTS

a) Capital expenditure commitments as at 31 December 2017 amounted to $Nil (2016: $Nil).

b) Operating lease rental for building spaces used is payable as follows:

Not later than one year		156,397	136,044
Later than one year but not later than two years		42,970	103,444
Later than two years but not later than five years		55,415	-
	$	254,782	239,488

NOTE 18. COMMITMENTS (CONT'D)

c) Operating lease rental income for motor vehicles are receivable as follows:

		2017	2016
Not later than one year	$	39,600	39,600
Later than one year but not later than two years		52,800	39,600
Later than two years but not later than five years		-	52,800
	$	92,400	132,000

d) The company is committed to pay Transformative Ventures LLC and South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited, management fees of $236,533 (2016: $207,080) and $247,770 (2016: $201,330) per annum respectively.

NOTE 19. CONTINGENT LIABILITIES

Contingent liabilities as at 31 December 2017 amounted to $Nil (2016: $Nil).

NOTE 20. GOING CONCERN

As at 31 December 2017, total liabilities of the company exceed total assets resulting in net liability of $3,065,034 (2016: $2,648,727). The company has incurred net operating loss of $416,307 (2016: $334,053) for the year and accumulated losses as at 31 December 2017 was $5,871,910 (2016: $5,455,603).

The company's continuation as a going concern is dependent, among other things, upon its ability to generate adequate cash flows from future operations to meet its obligations on a timely basis and continued financial and other support from the founder of the company and the holding company, South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited.

Notwithstanding the company's deficiency of net liabilities position, accumulated losses and negative operating cash flows, the financial statements have been prepared on a going concern basis. The directors consider the application of the going concern principle to be appropriate in the preparation of the financial statements on the basis that the company will continue to receive financial support and other ongoing support the founder of the company and the holding company, South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited, which will enable the company to meet its funding requirements for operations and to meet its obligations and debt repayment commitments as and when they fall due.

The management and the directors have put in place plans and strategies to increase revenue, to control cost and expenses, and to generate adequate profit and cash flows from its operations. The management has implemented measures to control and reduction of administrative costs and thus expand revenue generation assets to sustainable / cash positive level.

Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of the recorded asset amounts and classification of liabilities that may become necessary should the company be unable to continue as a going concern.

NOTE 21. RELATED PARTY DISCLOSURES

(a) Holding company and ultimate holding company

The holding company and ultimate holding company is South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited, a company incorporated in Singapore.

(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
Peter Lowing

(d) Transactions with related entities during the year ended 31 December 2016 and 2017 with approximate transaction values are summarized as follows:

(i) Management fees amounting to \$236,533 (2016: \$207,080) was paid to Transformative Ventures LLC.

(ii) Management fees amounting to \$247,770 (2016: \$201,330) was paid to South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited.

(iii) Receipt of loan from South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited amounted to \$1,594,683 (2016: \$1,128,925) and repayment of loan to South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited amounted to \$171,506 (2016: \$92,484).

(iv) Interest on loan amounting to \$233,882 (2016: \$101,128) was paid to South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited.

(v) Receipt of loan from MicroDreams Foundation USA amounted to \$Nil (2016: \$138,178) and MicroDreams Foundation New Zealand amounted to \$Nil (2016: \$30,404).

(vi) Interest on loan amounting to \$1,769 (2016: \$1,024) was paid to MicroDreams Foundation New Zealand and \$4,023 (2016: \$2,554) to MicroDreams Foundation USA.

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

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

(f) 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.

NOTE 22. EVENTS SUBSEQUENT TO BALANCE DATE

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

NOTE 24. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 30 April 2018.