



# SUGAR CANE GROWERS COUNCIL



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## Annual Report

# 2010



## **ORGANISATION PROFILE**

The Sugar Cane Growers Council was established under the Sugar Industry Act No.8 of 1984 with specific functions to protect and further the interests of registered cane growers. It is the peak cane growers' organization representing the interests of all registered cane growers in Fiji. The Council is fully funded by the cane growers themselves.

In August 2009 the Government of the day decided to dissolve the Council to remove politics from the Sugar Industry. The 38 elected Councilors were terminated effective from November 2009 and the Administration Arm of the Council consisting of 26 employees was retained. The Administrative Arm took over the reins and continued to steer the Council forward and continued to provide the required services to the growers on a daily basis.

The Council is now managed by the Acting Chief Executive Officer Mr. Sundresh Chetty with assistance from Head office and district office staff in the eight cane growing districts.

The Government had agreed to appoint a growers representative from each of the 8 cane growing districts on certain criteria in the reformed Council. The Legislative changes are now being drafted and is expected to be finalized in due course. The present Administrative Arm of the Council reports to the Ministry of Sugar on a timely basis.

## **OUR VISION**

To be the pro-active grower representative organization, that strives to serve the interests of the cane growers of Fiji.

## **OUR MISSION**

The Sugar Cane Growers Council is committed to providing effective representation, leadership and services to the cane growers in order to secure long term viability for them in the industry.

## **OUR GOALS**

- ❖ To effectively represent the interest of the cane growers as stakeholders in all aspects of the industry.
- ❖ To actively pursue and encourage the development of a sustainable and viable sugar industry.
- ❖ To take necessary measures to provide services to the cane growers to better facilitate their cane farming activities.



- ❖ To explore ways and means to reducing cost and increasing productivity and yields for the cane growers through better utilization of their existing resources and adopting best practice methods which would encourage and facilitate this.
- ❖ To conduct research and collect data in respect of cane farming activities and other related areas.
- ❖ To inform and educate the cane growers and the community on the issues relating to cane farming and the industry.
- ❖ To represent the growers and make investment on their behalf in areas related to the activities of cane growing and sugar manufacture.
- ❖ To participate actively and maintain a strong interest in the marketing of our sugar and to keep the cane growers well informed of developments, market-related issues and trends in the international markets.
- ❖ To represent growers interest, both collectively and individually on matters relating to cane farming and their obligations to the industry and seek redress for their legitimate grievances through the appropriate authorities.

## **THE GROWERS**

There are about 15,000 active growers running small family cane farms (an average of 4 hectares/ 10 acres), with majority producing less than 300 tonnes per year.

The vast majority of the growers have farm size of 4 hectares, a legacy from the British colonial administration and the end of indentured labourer system in the 1920's. At that time, a plot of 4 hectares of land was leased to individual growers which was considered to be sufficient to support a grower and his family alongside him.

Over the years many growers have moved to urbanized areas in the quest of easier, better jobs. Nowadays most of the plots are farmed by a middle-aged generation of growers in their fifties and sixties; their children left to attend universities to get white collar jobs in the cities.

Most growers plant and harvest manually, using hired laborers (casual workers). Mechanization is not well developed: besides the importance of such an investment for a grower, the small size of the plots is not adapted to mechanization. Income diversification is not very developed and other crops are mainly grown for self consumption.



## **ACTIVITIES REPORT 2010**

The Acting Chief Executive Officer and Staff of Sugar Cane Growers Council takes pleasure in presenting its 2010 Report of Activities that includes the Audited Financial Statement for the year ended 31<sup>st</sup> December 2010.

### **1. WEATHER**

The 2010 year started with rainfall over the months of January to March period recording generally below average across the sugar cane growing districts. The month of January was however hotter and drier as the effects of El Nino phenomena continued from September 2009.

The rainfall pattern for the wetter months from November to April was quite different from previous years due to the said El Nino. Conditions were drier than normal across the sugarcane belts in the western division over April to June period. However, rainfall was recorded across the Northern sugar cane belts experiencing average to above average rainfall in the same period. Rainfall in the entire cane growing districts recorded significantly below average rainfall in August 2010. In summary the drought like condition prevailed from October 2009.

In October 2010 all the four mill areas recorded mainly below average rainfall however above average rainfall were recorded during troughs of low pressure from time to time. The October weather was influenced by the convergence zone situated on the north of Fiji moved over the group. Lautoka mill recorded (206.2mm), Penang mill (248.8mm), Labasa mill (165.0mm), and Rarawai mill (141.4mm) with a percentage of 202%, 230%, 143% and 137% above average rainfall respectively.

The month of November was wetter than normal as the trough of low pressure continued moving slowly above the group. The rainfall varied in December as Lautoka, Rarawai and Labasa mill area received above average rainfall however Penang received below average.

Overall Labasa Mill area received the highest rainfall in 2010 whilst Lautoka recorded the lowest.



The following is the rainfall record from January 2010 to December 2010

**Table 1 Monthly Rainfall (mm) 2010**

	<b>L A U</b>	<b>T O K A</b>	<b>R A R</b>	<b>A W A I</b>	<b>LAB</b>	<b>A S A</b>	<b>P E</b>	<b>N A N G</b>
<b>MONTH</b>	<b>RAIN DAYS</b>	<b>RAINFALL (MM)</b>	<b>RAIN DAYS</b>	<b>RAINFALL (MM)</b>	<b>RAIN DAYS</b>	<b>RAINFALL (MM)</b>	<b>RAIN DAYS</b>	<b>RAINFALL (MM)</b>
<i>January</i>	11	94.8	13	122.5	12	213.1	11	59.3
<i>February</i>	12	93.2	8	141.4	11	73.3	18	306.8
<i>March</i>	12	137.5	15	166.2	17	314.4	17	83.9
<i>April</i>	13	144.0	15	166.7	13	325.2	15	153.7
<i>May</i>	6	23.6	6	57.0	12	108.0	11	61.8
<i>June</i>	1	3.4	2	0.8	6	104.0	11	39.6
<i>July</i>	2	54.6	3	53.0	3	88.1	6	22.7
<i>August</i>	3	6.8	4	23.5	5	41.9	6	13.9
<i>September</i>	5	10.4	5	31.6	6	16.8	9	57.4
<i>October</i>	17	206.2	17	141.4	18	165.2	14	248.8
<i>November</i>	18	299.3	23	484.7	20	425.1	20	430.2
<i>December</i>	21	225.6	23	266.6	23	400.5	24	165.0
<b>Total</b>	<b>121</b>	<b>1299.4 (Av.108)</b>	<b>134</b>	<b>1655.4 (Av. 138)</b>	<b>146</b>	<b>2275.6 (Av. 189)</b>	<b>162</b>	<b>1643.1 (Av.137)</b>

## 2. 2010 SEASON FORECAST OF CROP

The Council and the Corporation had forecast a crop of 1.85million tonnes for the 2010 season. Due to the effects of the El Nino and the unusual weather pattern during the season the actual crop dropped too far below the forecast.

**Table 2.1**

<b>Mill</b>	<b>2009 Season (Forecast)</b>	<b>2010 Season (Actual)</b>	<b>Variance (+/-)</b>
<i>Lautoka</i>	535,000	527,466	-7,534
<i>Rarawai</i>	545,000	520,488	-24,512
<i>Labasa</i>	580,400	554,574	-25,826
<i>Penang</i>	185,000	175,486	-9,514
<b>All Mill</b>	<b>1,845,400</b>	<b>1,778,014</b>	<b>-67,386</b>

**Table 2.2**

<b>Mill</b>	<b>Crushed</b>	<b>Stand over</b>	<b>Total Crop</b>
<i>Lautoka</i>	527,466	12,885	540,351
<i>Rarawai</i>	520,488	25,900	546,388
<i>Labasa</i>	554,574	38,000	592,574
<i>Penang</i>	175,486	7,010	182,496
<b>All Mill</b>	<b>1,778,014</b>	<b>83,795</b>	<b>1,861,809</b>



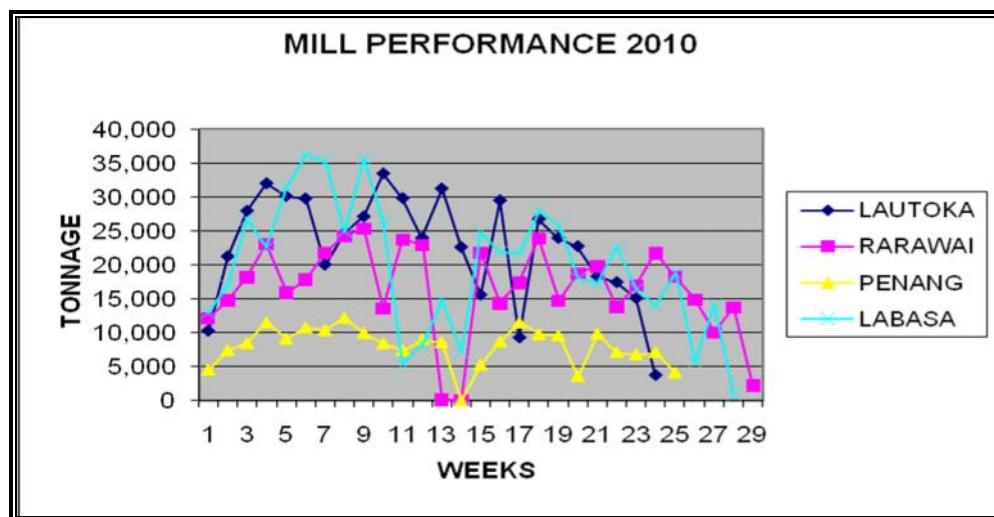
Table 2.3 Cane Production 2002 – 2010

District/ Mill	2002	2003	2004	2005	2006	2007	2008	2009	2010
<i>Lautoka</i>	431,444	350,696	415,713	367,240	430,025	315,017	325,341	300,815	216,986
<i>Nadi</i>	487,096	372,817	430,176	369,139	423,428	302,266	316,920	318,535	229,730
<i>Sigatoka</i>	218,584	166,986	186,212	154,400	179,784	123,947	128,308	106,696	80,750
<b>Lautoka Mill Total</b>	<b>1,137,123</b>	<b>890,499</b>	<b>1,032,101</b>	<b>890,779</b>	<b>1,033,237</b>	<b>741,230</b>	<b>770,569</b>	<b>726,045</b>	<b>527,466</b>
<i>Rarawai</i>	749,622	615,802	656,426	589,287	763,660	541,493	521,136	472,339	378,061
<i>Tavua</i>	321,957	220,923	222,093	172,417	268,279	196,984	211,016	187,091	142,427
<b>Rarawai Mill Total</b>	<b>1,071,579</b>	<b>836,725</b>	<b>878,521</b>	<b>761,704</b>	<b>1,031,939</b>	<b>738,477</b>	<b>732,152</b>	<b>659,430</b>	<b>520,488</b>
<i>Labasa</i>	700,594	453,287	626,627	667,492	637,846	566,948	433,486	505,195	417,832
<i>Seaqaqa</i>	237,856	185,564	221,877	243,171	233,182	202,199	170,830	174,402	136,742
<b>Labasa Mill Total</b>	<b>938,450</b>	<b>638,851</b>	<b>848,504</b>	<b>910,663</b>	<b>871,028</b>	<b>769,147</b>	<b>604,316</b>	<b>679,597</b>	<b>554,574</b>
<b>Penang Mill Total</b>	<b>275,431</b>	<b>243,583</b>	<b>242,322</b>	<b>225,594</b>	<b>289,347</b>	<b>229,840</b>	<b>214,746</b>	<b>181,650</b>	<b>175,486</b>
<b>GRAND TOTAL</b>	<b>3,422,583</b>	<b>2,609,658</b>	<b>3,001,448</b>	<b>2,788,740</b>	<b>3,225,551</b>	<b>2,478,694</b>	<b>2,321,783</b>	<b>2,246,722</b>	<b>1,778,014</b>

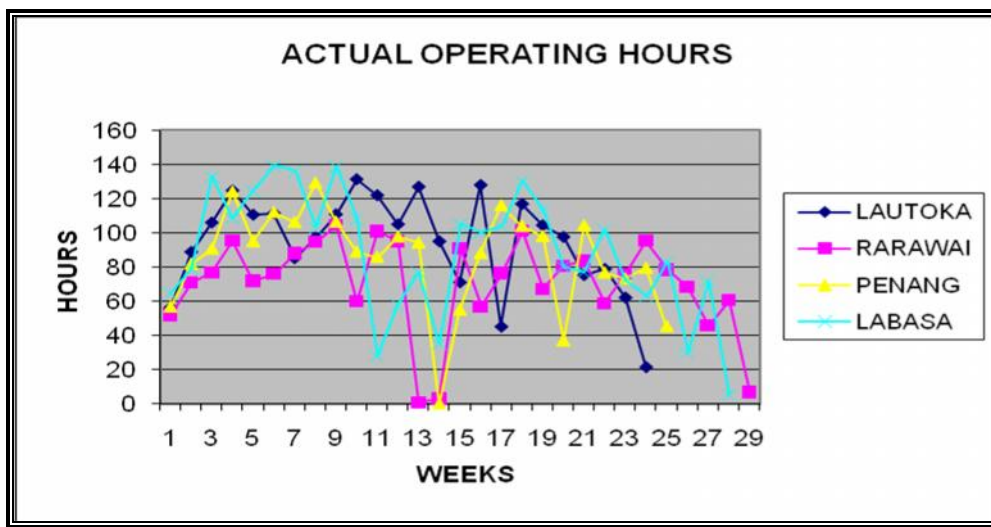
Table 2.4 SEASON LENGTH AND AVERAGE WEEKLY CRUSH- 2010

Mill	Cane (Tonnes)	Start Date	Termination Date	No of Wks	Average Wkly Crush (Tonnes)
<i>Lautoka</i>	527,466	20/06/10	03/12/10	24	21,978
<i>Rarawai</i>	520,488	29/06/10	11/01/11	29	17,948
<i>Labasa</i>	554,574	22/06/10	29/12/10	28	19,806
<i>Penang</i>	175,486	01/06/10	20/11/10	25	7,019
<b>Total</b>	<b>1,778,014</b>				<b>66,751</b>

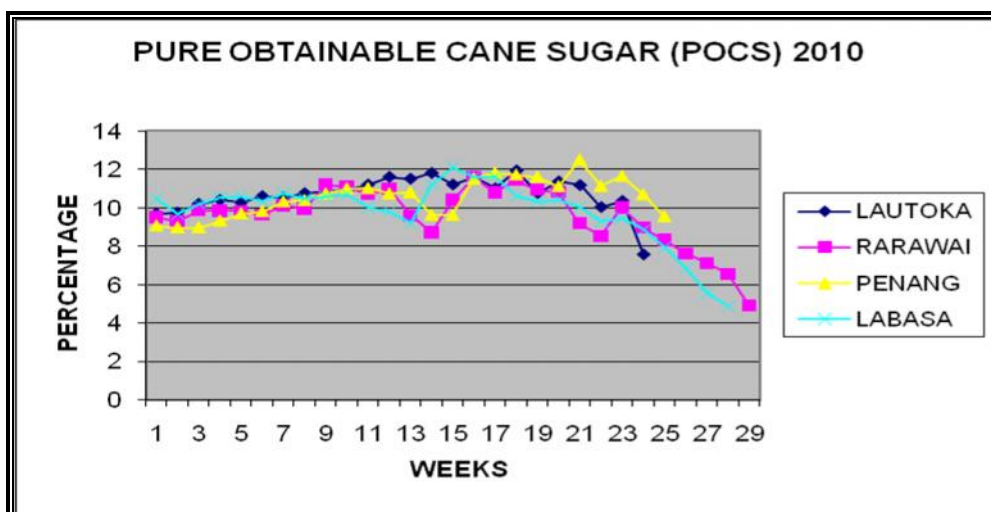
### 3. MILL PERFORMANCE







#### 4. CANE QUALITY AND SUGAR PRODUCTION



As per the graph above, Lautoka Mill has registered the highest sugar content (POCS) in cane whilst Penang Mill records the best TCTS (tonnes cane to tonnes sugar) ratio for the 2010 season. The TCTS was the highest in Rarawai standing at 15.5 followed by Labasa at 14.5 and Lautoka at 12.2 with an annual average standing at 13.5 for the second consecutive year. Rarawai mill recorded the lowest POCS at 9.90 followed by Labasa at 10.19 and Penang at 10.58. Average POCS was 10.36 for the year.

**Table 4.1 Cane Quality and Sugar Production 2010**

Mill	Cane (Tonnes)	Sugar (Tonnes)	Molasses (Tonnes)	POCS	TCTS	Cane Purity %	Burnt Cane %
Lautoka	527,466	44,617	31,482	10.87	12.20	81.10	30.4
Rarawai	520,488	30,710	32,412	9.90	15.50	76.80	34.6
Labasa	554,574	38,183	40,615	10.19	14.50	79.00	8.1
Penang	175,486	17,996	8,485	10.58	11.20	80.50	18.3
<b>TOTAL</b>	<b>1,778,014</b>	<b>131,506</b>	<b>112,993</b>	<b>10.36</b>	<b>13.50</b>	<b>79.20</b>	<b>23.40</b>

**Table 4.2 Pure Obtainable Cane Sugar & Tonne Cane Tonne Sugar**



	2007 SEASON		2008 SEASON		2009 SEASON		2010 SEASON	
Mill	POCS	TCTS	POCS	TCTS	POCS	TCTS	POCS	TCTS
Lautoka	11.25	10.20	10.70	10.70	10.19	14.80	10.87	12.20
Rarawai	11.60	9.70	10.80	11.30	9.93	15.00	9.90	15.50
Labasa	10.44	11.50	10.99	11.80	10.75	12.20	10.19	14.50
Penang	11.45	10.80	10.54	10.80	10.62	10.20	10.58	11.20
Average	<b>11.19</b>	<b>10.44</b>	<b>10.79</b>	<b>11.20</b>	<b>10.37</b>	<b>13.40</b>	<b>10.36</b>	<b>13.50</b>

Table 4.3

MILL	GREEN CANE	PERCENTAGE	BURNT CANE	PERCENTAGE
<b>LAUTOKA</b>	367,116	69.6	160,350	30.4
<b>RARAWAI</b>	340,399	65.4	180,089	34.6
<b>LABASA</b>	509,653	91.9	44,921	8.1
<b>PENANG</b>	143,372	81.7	32,114	18.3
<b>TOTAL</b>	<b>1,360,540</b>	<b>76.6</b>	<b>417,474</b>	<b>23.4</b>

## 5. HARVESTING GANG PERFORMANCE

Harvesting and cane supply during the weekends and towards the tail end of the season was below par for all mill areas. It has become a tradition for cane cutters to take leave during the weekends for sports, festivals, religious and social activities. Council's attempts to encourage the harvesting gangs for continuous supply of cane during the weekends have not been very successful.

As growers representatives this is one of the biggest challenges that the Council is facing, which is to provide sufficient cane to the mill over the weekends

## 6. OTHER GROWERS SERVICES

The Council continues to provide a wide range of other services to the growers through its cane district and head offices. Services provided by the Council have helped the growers to save thousands of dollars. Some of the key services provided by Council on a district by district basis during the year are shown below.



# Annual Report 2010

## GROWERS SERVICE AS AT 31ST DECEMBER 2010

PARTICULARS	RAKIRAKI	TAVUA	BA	LAUTOKA	NADI	SIGATOKA	LABASA	SEAQAQA	TOTAL
INCOME TAX RETURN	83	23	85	221	200	61	351	81	1105
VAT RETURN	4	0	19	9	6	6	0	11	55
POWER OF ATTORNEY	38	41	92	56	53	27	95	15	417
WILL	35	56	39	72	38	41	45	2	328
SUBSTITUTE AGREEMENT	237	310	361	40	384	66	310	32	1740
TRANSFER OF REGISTRAR	16	5	21	10	2	0	11	0	65
LAND RENT OBJECTION	35	21	6	4	4	0	25	0	95
GANG DISPUTE	0	19	35	34	0	8	67	23	186
COR AMENDMENT	16	16	70	3	10	13	36	2	166
NEW REGISTRATION	23	5	26	9	5	0	56	4	128
VAT/ TAX REFUND	-	-	-	1	-	-	-	-	1
CANE ACCESS ROAD	25	25	13	7	6	19	36	20	151
GANG MATTERS	61	33	17	3	48	0	145	4	311
CANE PAYMENT	96	109	47	1	154	26	4	9	446
REVOCATION OF POWER OF ATTORNEY	16	11	26	1	10	4	19	1	88
GANG MEETING	54	65	49	0	47	0	39	2	256
INCREASE HARVESTING RATES	83	63	140	35	31	0	123	155	630
LORRY WHEEL TAX	107	99	244	187	213	28	183	101	1162
FBA	0	0	1	0	0	0	3	0	4
RENT APPEAL	0	30	2	0	3	0	18	12	65
BOND	2	3	1	0	0	0	1	0	7
GANG RATIONALISATION	21	31	0	0	0	0	12	0	64
ADDITIONAL TICKET BOOK	0	5	0	0	0	0	64	28	97
BURNT CANE	95	14	5	0	8	0	10	1	133
INDIVIDUAL HARVESTING	132	45	0	0	0	0	54	0	231
SPLIT OF REGISTRATION	0	2	0	0	0	0	2	0	4
WEEDICIDE SALES	1057	703	1712	1687	1271	341	1735	362	8868
CROP DAMAGE REPORT	0	8	4	0	27	0	176	47	262
DROUGHT REPORT	0	4	0	0	0	0	0	42	46
LEGAL SERVICES	7	7	45	214	32	5	154	18	482
MOGA	0	113	245	151	235	7	373	0	1124
DRAINAGE	13	2	6	0	5	0	13	2	41
SUBSTITUTE DISPUTE	0	37	26	8	33	14	60	0	178
COR REPLACEMENT	20	8	28	9	4	0	32	2	103
GENERAL ENQUIRIES	3190	1122	1696	673	1097	1161	1827	1179	11945
<b>TOTAL</b>	<b>5466</b>	<b>3035</b>	<b>5061</b>	<b>3435</b>	<b>3926</b>	<b>1827</b>	<b>6080</b>	<b>2155</b>	<b>30985</b>



## 7. LEGAL SERVICES

The Council legal department which was established on 3<sup>rd</sup> February 2003 has continued to provide a range of legal services to the growers at affordable cost. It is the aim of the Management to operate the legal services on user pay concept to avoid any additional burden on all growers.

During the year various types of services were provided to the cane growers throughout Fiji and the demand for this service is increasing as more growers benefit from the comparatively cheaper service.

Documents	RakiRaki	Tavua	Ba	Lautoka	Nadi	Sigatoka	Labasa	Seaqaqa	Total
Power of Attorney	38	41	92	56	53	27	93	15	415
Revocation Power of Attorney	16	11	26	1	10	3	7	1	75
Agreements	0	4	18	12	3	0	14	2	53
Transfer	0	3	5	13	0	0	6	0	27
Probates & Letter Administration	3	7	17	24	26	5	11	1	94
Deed	0	0	2	4	1	0	2	0	9
Renunciation	0	2	3	0	0	0	4	0	9
Transfer of Certificate of Registration	0	0	0	0	0	0	6	0	6
Crop Lien	0	0	1	0	0	0	0	0	1
Transmission by death	1	0	1	4	1	0	2	0	9
Mortgage/ bill of sale	0	0	0	2	1	0	0	0	3
Instrument of Tenancy	0	1	2	0	0	0	0	0	3
Provisional Title/ Lease	0	1	0	2	0	0	1	0	4
Registration of Will	2	0	0	0	0	0	0	0	2
Caveat	1	0	0	0	0	0	0	0	1
Record of Death/ Trustees	0	0	1	1	0	0	1	0	3
Will	35	56	39	72	38	41	45	2	328
Easement	0	0	1	2	0	0	0	0	3
Deed of Retirement & Appointment	0	0	2	2	0	0	0	0	4
<b>Total</b>	<b>96</b>	<b>126</b>	<b>210</b>	<b>195</b>	<b>133</b>	<b>76</b>	<b>192</b>	<b>21</b>	<b>1049</b>

## **8. WEEDICIDE SALES**

The Council sells the following types of weedicides to growers from its district offices at cost with marginal handling charges.

- Glyphosate 360 ( 5 litres & 20 litres)
- Amine 720 (5 litres & 20 litres)
- Diuron 80 (1 kg pack)

Bulk of these weedicides and agro-chemicals are available from the South Pacific Fertilizers Co. and made accessible to all cane growers nation wide from suitably located SCGC outlets in their own districts and towns. A total sale for 2010 season was \$385,697.70.

## **9. KNIFE/ FILES / HAND GLOVE SALES**

The Council introduced the sale of Knives, files and gloves to growers at a combo deal price of \$15-00 per set in 2008 season. This has been a very successful deal as the demand has been increasing year in year out with our 2010 sale recording 1519 sets surpassing the 2009 sale which stood at 914 sets. The Management is negotiating the price from the supplier and will provide the opportunity to the growers to purchase knives, file and hand gloves at the same cost.

## **10. GROWERS RICE SUPPLY**

The Council has been facilitating the arrangement to supply rice to the growers. Tender for supply of rice is advertised in the daily news papers, potential suppliers are identified and agreements are made amongst the suppliers, FSC and the Council. However due to lack of response from the suppliers, delivery of rice to the growers was arranged through the South Pacific Fertilizers Ltd. Rice is a price controlled item and SPF being cane Growers Company provided efficient service at affordable costs.

## **11. FERTILIZER**

The price of fertilizer continues to be a topic around all growers meetings. As noted the price of fertilizer remains an all time high of \$45.59 per bag however the Government has been subsidizing it by \$14.09 per bag. Growers pay at the rate of \$31.50 a bag. The Council is thankful to the Government for its continued support for the sugar industry.



## **12. LTA CONCESSIONS**

The Council has been closely associated with the various cane lorry associations and at their request has been having successful negotiations for concessions of LTA regulations on cane Lorries such as waiver of wheel tax, reduction in road tax levy and minor infringements. The lorry association members are mostly growers and these costs has been very high compared to the income for the 6 monthly operations during crushing. The Council is indebted to the Government and LTA for their continuous support.

## **13. FAIRTRADE CERTIFICATION**

Council's application for Fair Trade was approved by FLO-CERT on 19<sup>th</sup> January 2009. And later SCGC was certified as an organization for Fair Trade. An introduction to Fair Trade for the growers of Fiji leaflet was prepared and distributed to growers via the district offices. However due to some technicalities the industry leaders had to get together and form small producer organizations to operate Fairtrade supported by the Government.

Fairtrade Initiative for Labasa growers was launched by the Prime Minister and the Minister for Sugar in June 2010. Following successful certification Labasa growers will be receiving their share of proceeds from the 2010 season sugar produced at Labasa Mill. Council is hopeful that Fair-trade will be introduced in all Viti Levu Mills in 2011.

## **14. CBUL TASK FORCE**

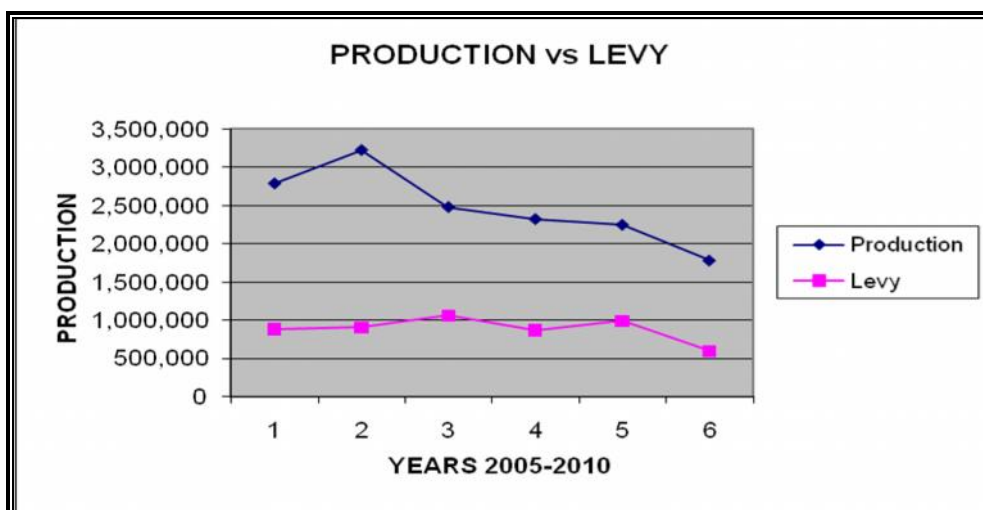
The Council as an organization has been included in the newly formed Committee on Better Utilization of Land (CBUL) Task Force in the Western Division. The said committee was formed by the Government entirely to assist the Industry in getting the most available land to plant cane with a view to increase the production and making the Industry viable. There were meetings conducted in all the cane growing districts and the Council played its part in promoting good husbandry practices and its willingness to assist growers in all aspects.

## 15. COUNCIL LEVY

The Ministry of Sugar approved an Administrative Budget of \$600 000.00 for the 2010 financial year. The cane production for the year was 1,778,014 tonnes resulting in a chargeable levy of 0.34 cents per tonne of cane produced in the season.

**Table 15.1 Last 6 years Annual Levy and Cane Production**

YEAR	2005	2006	2007	2008	2009	2010
Levy	\$883,384	\$910,510	\$1,058,538	\$870,879	\$992,691	\$600,000
Production	2,788,740	3,225,551	2,478,853	2,321,783	2,246,722	1,778,014
Levy/ tonne	\$0.32	\$0.28	\$0.42	\$0.38	\$0.44	\$0.34

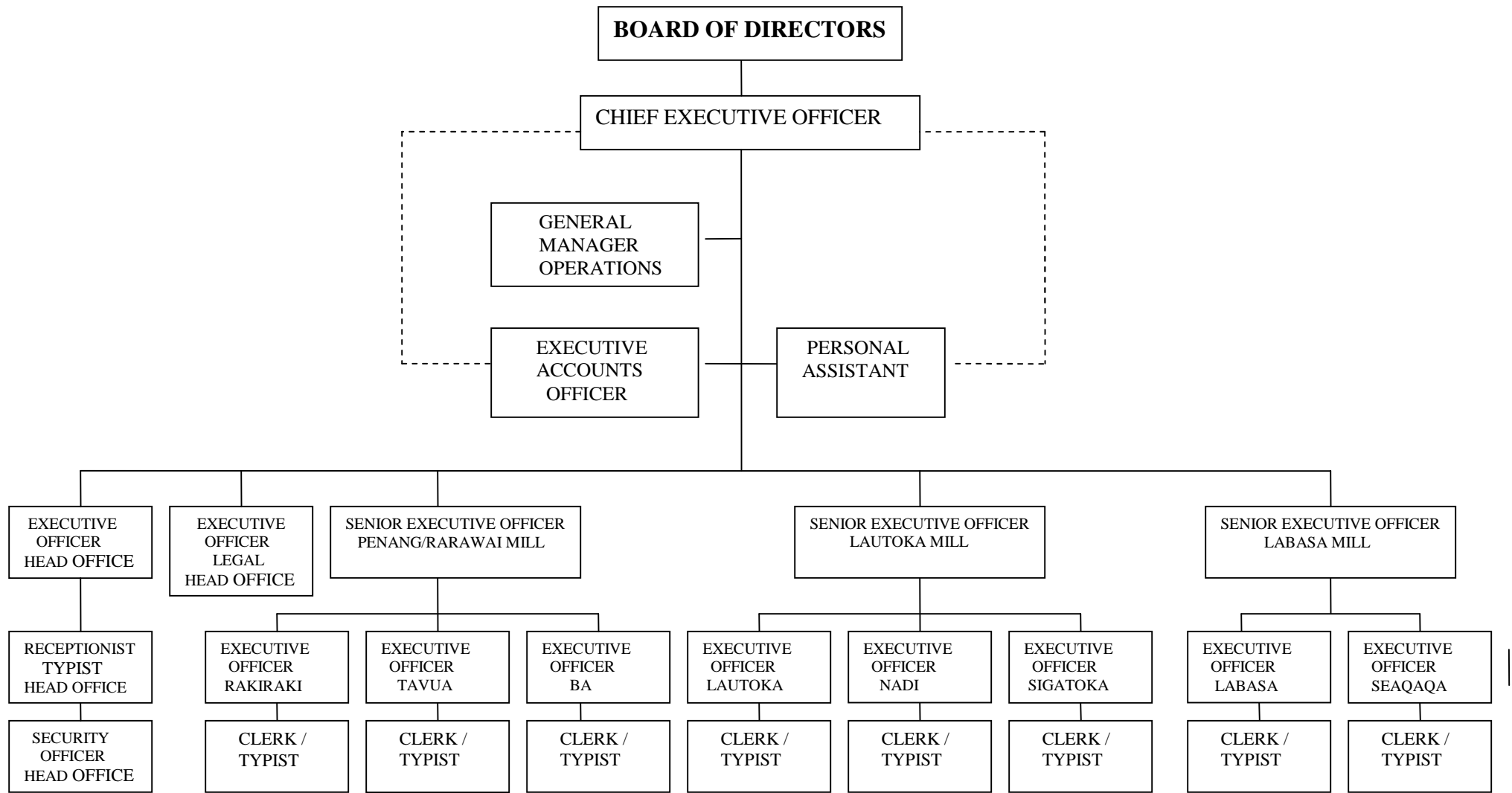


It must be noted that Council Levy per tonne is based on the size of crop each year and a decline in crop will result in a marginal increase in chargeable levy.

The Council has continued to endeavor to provide maximum service to all registered cane growers, despite maintaining the annual “general levy” almost the same over last 6 years. It should be noted that the Council Levy has now been reduced to \$600 000.00 after the termination of the Councilors.



# SUGAR CANE GROWERS COUNCIL ORGANISATION CHART



**Sugar Cane Growers Council**

**Financial Statements**

**For the year ended**

**31 December 2010**



# **Sugar Cane Growers Council**

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## **Sugar Cane Growers Council**

### **Directors' report**

The directors present their report together with the financial statements of the Sugar Cane Growers Council ("Council") for the year ended 31 December 2010 and the auditor's report thereon.

### **Directors**

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

Villiams Gucake - Director of Sugar

Sundresh Chetty - Acting Chief Executive Officer

### **State of affairs**

In the opinion of the directors the accompanying statement of financial position gives a true and fair view of the state of affairs of the Council as at 31 December 2010 and the accompanying statement of comprehensive income, statement of changes in funds employed and statement of cash flows give a true and fair view of the results, changes in funds employed and cash flows of the Council for the year then ended.

### **Results**

The surplus for the year amounted to \$96,148 (2009: deficit \$284,997).

### **Principal activities**

The principal activities of the Council are outlined under Section 42 of the Sugar Industry Act of 1984, which includes generally all such things and undertaking all such steps as it may consider necessary for the protection and development of the sugar industry.

The following significant events occurred during the prior and current year:

- (i) On 11 August 2009 a Cabinet decision was made to dissolve the Council;
- (ii) On 11 November 2009 a Cabinet decision was made that the services of the 38 councillors be terminated effective from 11 November 2009, the administrative arm of the Council be retained until end of 2009 crush or when a successor body to the Council is established whichever comes earlier and the Registrar of the Sugar Industry Tribunal was appointed to co-sign cheques with the Acting CEO of the Council.
- (iii) As at the date of the financial statements, there have been no further action taken with regard to the dissolution of the Council or appointment of a successor body.
- (iv) The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary as a result of the dissolution of the Council.



## Sugar Cane Growers Council

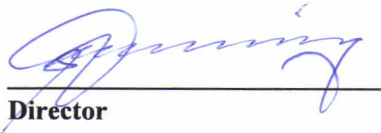
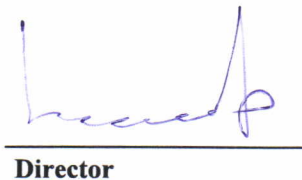
### Directors' report (continued)

#### Events subsequent to balance date

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Council, the results of those operations or the state of affairs of the Council in subsequent financial years.

Dated at Lautoka this 05th day of August 2011.

Signed in accordance with a resolution of the directors.

  
**Director**  
**Director**



## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF SUGAR CANE GROWERS COUNCIL**

#### **Scope**

We were engaged to audit the financial statements of Sugar Cane Growers Council for the year ended 31 December 2010, consisting of the statement of financial position, statement of comprehensive income, statement of changes in funds employed, statement of cash flows, and accompanying notes set out on pages 4 to 25. The Council's directors are responsible for the preparation and presentation of the financial statements and the information contained therein.

#### **Limitation of scope**

As stated in Note 21 to the accounts, a Cabinet decision was made to dissolve the Council on 11 August 2009. As at the date of the financial statements, there have been no further actions taken with regard to the dissolution of the Council or appointment of a successor body. We have not been able to obtain sufficient appropriate audit evidence to determine whether the Council will continue as a going concern. The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary as a result of the dissolution of the Council.

#### **Disclaimer of opinion**

Because of the significance of the matters discussed in the preceding paragraph, we do not express an opinion on the financial statements.

**5 August 2011**  
**Nadi, Fiji Islands**

*KPMG*

**KPMG**  
**Chartered Accountants**

**Sugar Cane Growers Council**  
**Statement of comprehensive income**  
**For the year ended 31 December 2010**

	<b>Note</b>	<b>2010</b> \$	<b>2009</b> \$
Growers Levy		600,000	992,691
Dividend income	5	13,265	8,321
Other income	6	<u>154,890</u>	<u>106,231</u>
		768,155	1,107,243
<b>Less expenses</b>			
Administrative expenses		(4,262)	(185,392)
Personnel expenses	8	(297,587)	(343,526)
Other operating expenses	7	<u>(365,651)</u>	<u>(495,020)</u>
Surplus from operations		100,655	83,305
Finance income	9	33,300	21,269
Finance expense	9	<u>(7,957)</u>	<u>(9,571)</u>
Operating surplus		125,998	95,003
Share of loss of equity accounted investee	11	-	(81,619)
Impairment of investments	11	(29,850)	(298,381)
<b>Surplus/(Loss) for the year</b>		<u>96,148</u>	<u>(284,997)</u>
Other comprehensive income		-	-
<b>Total comprehensive surplus/(loss) for the year</b>		<u>96,148</u>	<u>(284,997)</u>

The above statement of comprehensive income is to be read in conjunction with notes to the financial statements set out on pages 8 to 25.



**Sugar Cane Growers Council**  
**Statement of changes in funds employed**  
**For the year ended 31 December 2010**

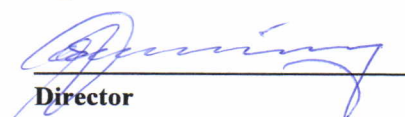
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Opening funds employed	2,713,345	2,998,342
<i><b>Total comprehensive income for the year</b></i>		
Surplus/(Loss) for the year	96,148	(284,997)
Other comprehensive income	-	-
Balance at 31 December	<u><u>2,809,493</u></u>	<u><u>2,713,345</u></u>

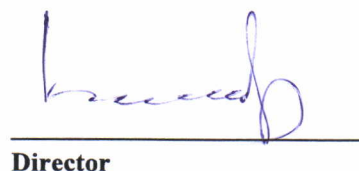
The above statement of changes in funds employed is to be read in conjunction with notes to the financial statements set out on pages 8 to 25.

**Sugar Cane Growers Council**  
**Statement of financial position**  
**As at 31 December 2010**

	Note	2010 \$	2009 \$
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	1,163,757	1,213,866
Other investments	11	286,092	330,669
<b>Total non-current assets</b>		<u>1,449,849</u>	<u>1,544,535</u>
<b>Current assets</b>			
Cash at bank and on hand	12	701,852	470,861
Term deposits	12	550,000	450,000
Other receivables	13	505,751	740,375
Prepayments		-	11,767
<b>Total current assets</b>		<u>1,757,603</u>	<u>1,673,003</u>
<b>Total assets</b>		<u><u>3,207,452</u></u>	<u><u>3,217,538</u></u>
<b>Funds balance</b>			
Funds employed		2,809,493	2,713,345
<b>Total funds employed</b>		<u>2,809,493</u>	<u>2,713,345</u>
<b>Non current liability</b>			
Loans and borrowings	14	152,000	228,000
<b>Total non current liability</b>		<u>152,000</u>	<u>228,000</u>
<b>Current liabilities</b>			
Loans and borrowings	14	76,000	152,000
Other payables and accruals	15	134,200	95,155
Employee benefits	16	35,759	29,038
<b>Total current liabilities</b>		<u>245,959</u>	<u>276,193</u>
<b>Total liabilities</b>		<u>397,959</u>	<u>504,193</u>
<b>Total funds employed and liabilities</b>		<u><u>3,207,452</u></u>	<u><u>3,217,538</u></u>

Signed on behalf of the Board

  
**Director**

  
**Director**

The above statement of financial position is to be read in conjunction with notes to the financial statements set out on pages 8 to 25.

**Sugar Cane Growers Council**  
**Statement of cash flows**  
**For the year ended 31 December 2010**

	<b>Note</b>	<b>2010</b> <b>\$</b>	<b>2009</b> <b>\$</b>
<b>Operating activities</b>			
Receipts from stakeholders		984,214	822,783
Payments to suppliers and employees		(516,206)	(940,554)
Interest and other finance charges paid		<u>(7,957)</u>	<u>(9,571)</u>
<b>Cash flows (used in) / from operating activities</b>		<u>460,051</u>	<u>(127,342)</u>
<b>Investing activities</b>			
Interest received		33,300	21,269
Transfer of funds from term deposits		(100,000)	100,000
Acquisition of additional shares in associate		-	(380,000)
Acquisition of property, plant and equipment		<u>(10,360)</u>	<u>(58,370)</u>
<b>Cash flows (used in) investing activities</b>		<u>(77,060)</u>	<u>(317,101)</u>
<b>Financing activities</b>			
Proceeds from/ (repayment of) loan		<u>(152,000)</u>	<u>380,000</u>
<b>Cash flows from financing activities</b>		<u>(152,000)</u>	<u>380,000</u>
Net (decrease) / increase in cash and cash equivalents		230,991	(64,443)
Cash and cash equivalents at 1 January		<u>470,861</u>	<u>535,304</u>
Cash and cash equivalents at 31 December	12	<u><u>701,852</u></u>	<u><u>470,861</u></u>
Non-cash investing activity	18		

The above cash flow statement is to be read in conjunction with notes to the financial statements set out on pages 8 to 25.



**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2010**

**1. Reporting entity**

Sugar Cane Growers Council ("Council") is a body corporate domiciled in Fiji, established under the Sugar Industry Act of 1984. The address of the Council is 75 Drasa Avenue, Lautoka.

The principal activities of the Council are outlined under Section 42 of the Sugar Industry Act of 1984, which include generally all such things and undertaking all such steps as it may consider necessary for the protection and development of the sugar industry.

The principal accounting policies adopted by the Council are stated to assist in a general understanding of the financial statements. The policies have been consistently applied except where otherwise indicated.

**2. Basis of preparation**

**(a) Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board and the requirements of Fiji Law.

The financial statements were authorised for issue by the Board of Directors on 5 August 2011.

**(b) Going concern basis of accounting**

The Council's financial statements have been prepared on a going concern basis, which assumes that the Council will continue in its present form. As disclosed in Note 21, a Cabinet decision was made to dissolve the Council on 11 August 2009. As at the date of the financial statements, there have been no further actions taken with regard to the dissolution of the Council or appointment of a successor body.

**(c) Basis of measurement**

The financial statements have been prepared on the historical cost basis except where otherwise stated.

**(d) Functional and presentation currency**

The financial statements are presented in Fiji dollars, which is the Council's functional currency.

**(e) Use of estimates and judgments**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2010**

**2. Basis of preparation (continued)**

**(e) Use of estimates and judgments (continued)**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 10     Property, plant and equipment
- Note 11     Other investments
- Note 13     Other receivables
- Note 16     Employee benefits

**3. Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Council.

**(a) Equity accounted investees**

Associates are those entities in which the Council has significant influence, but not control, over the financial and operating policies.

Investment in Associates are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The cost of investment includes transaction cost.

The financial statements include the Council's share of the income and expenses and other comprehensive income, after adjustments to align the accounting policies with those of the Council, from the date that significant influence commences until the date that significant influence ceases.

When the Council's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Council has an obligation or has made payments on behalf of the investee.

**(b) Financial instruments**

**(i) Non-derivative financial assets**

The Council generally recognises loans and receivable and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Council becomes a party to the contractual provisions of the instrument.

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2010**

**3. Significant accounting policies (continued)**

**(b) Financial instruments (continued)**

**(i) Non-derivative financial assets (continued)**

The Council derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of the ownership of the financial asset are transferred. Any interest in transferred financial asset that is created or retained by the Council is recognised as separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when and only when, the Council has a legal right to offset the amounts and intends either to offset the amounts and settle on a net basis or to realise the asset and settle the liability simultaneously.

The Council classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

**Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loan and receivables comprise cash and cash equivalents, and other receivables.

Cash and cash equivalents comprise cash on hand and cash at bank for the purposes of the statement of cash flows.

**Held-to-maturity investment**

If the Council has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held to maturity investments as available for sale, and prevent the Council from classifying investment securities as held to maturity for the current and the following financial year.

Held-to-maturity financial assets comprise term deposits.

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2010**

**3. Significant accounting policies (continued)**

**(b) Financial instruments (continued)**

**(i) Non-derivative financial assets (continued)**

Financial assets at fair value through profit and loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Council manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Council's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

**(ii) Non-derivative financial liabilities**

The Council initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Council becomes party to the contractual provisions of the instrument.

The Council derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Council has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Council classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, other payables and accruals.

**(c) Property, plant and equipment**

**(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.



**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2010**

**3. Significant accounting policies (continued)**

**(c) Property, plant and equipment (continued)**

(i) Recognition and measurement (continued)

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

(ii) Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Council and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Council will obtain ownership by the end of the lease term. Freehold land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

<b>Asset</b>	<b>Rate</b>
Fixtures & fittings	25%
Plant & equipment	25%

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2010**

**3. Significant accounting policies (continued)**

**(c) Property, plant and equipment (continued)**

<b>Asset</b>	<b>Rate</b>
Motor vehicles	25%
Land & building	1.25% - 5%
Leasehold land	over the period of lease

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**(d) Impairment**

**(i) Non-derivative financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

**Loans and receivables**

The Council considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investment securities with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**(ii) Non-financial assets**

The carrying amounts of the Council's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2010**

**3. Significant accounting policies (continued)**

**(d) Impairment (continued)**

(ii) Non-financial assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on pro rata basis.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(e) Provisions**

A provision is recognised if, as a result of a past event, the Council has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**(f) Employee benefits**

(i) Superannuation

Contributions are paid to the superannuation fund on behalf of employees to secure retirement benefits. Costs are included in profit or loss.

(ii) Short term benefits

Outstanding annual leave liabilities due to employees at reporting date are brought to account based on current legal and contractual entitlements.

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2010**

**3. Significant accounting policies (continued)**

**(g) Revenue**

**(i) Levy income**

Levy income for any financial year is approved by the Council and certified by the Tribunal Accountant at the beginning of the crushing season in accordance with Section 51 and 53 of the Sugar Industry Act of 1984. The collection of levies by FSC is deducted from the growers' share of proceeds of sale of sugar, molasses and other by-products of sugar.

**(ii) Other income**

Revenue from dividend and other operating activities are recognised in profit or loss on an accrual basis.

**(iii) Grant income**

An unconditional government grant related to a asset is recognised in profit or loss as other income when the grant becomes receivable.

Grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Council will comply with the conditions associated with the grant and are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Council for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

**(h) Income tax**

The Council is exempt from income tax under the provision of section 17 (4) of the Income Tax Act, Cap 201.

**(i) Financing income and expenses**

Financing income and expenses comprises bank charges and interest received on the term deposits held.

**(j) Value Added Tax (VAT)**

The financial statements have been prepared on a gross basis (VAT inclusive) since the organization is not registered for VAT.

**(k) Comparative information**

Comparative information has been restated, where necessary, to align with the current year presentation.



**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2010**

**4. Financial risk management policies**

Overview

The Council has exposure to the following risks:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

This note presents information about the Council's exposure to each of the above risks, the Council's objectives, policies and processes for measuring and managing risk, and the Council's management of capital. Further quantitative disclosures are included throughout these financial statements.

**Risk management framework**

The Board of Directors have overall responsibility for the establishment and oversight of the Council's risk management framework. The Council's risk management policies are established to identify and analyse the risks faced by the Council, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Council's activities. The Council, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

**(i) Credit risk**

Credit risk is the risk of financial loss to the Council if The Fiji Sugar Corporation Limited (FSC) fails to meet its contractual obligations, and arises principally from the Council's receivables from sugarcane growers which are collected by FSC from cane proceeds.

**Other receivables**

The Council establishes an allowance for impairment that represents its estimate of incurred losses in respect of other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The Council held cash and cash equivalent of \$1,251,852 at 31 December 2010 (2009: \$920,861), which represents its maximum credit exposure on these assets.

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2010**

**4. Financial risk management policies (continued)**

**Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<b>2010</b>	<b>%</b>	<b>2009</b>	<b>%</b>
Cash at bank	700,023	40%	469,032	28%
Term deposits	550,000	31%	450,000	27%
Other receivables	505,751	29%	740,375	45%
<b>Total</b>	<b>1,755,774</b>	<b>100%</b>	<b>1,659,407</b>	<b>100%</b>

**(ii) Liquidity risk**

Liquidity risk is the risk that the Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Council's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Council's reputation.

**2010**

	<b>Carrying amount \$</b>	<b>6 months or less \$</b>	<b>6 -12 months \$</b>	<b>1- 2years \$</b>	<b>2-5 years \$</b>
<b><u>Financial assets</u></b>					
Cash and cash equivalents	701,852	701,852	-	-	-
Term deposits	550,000	-	550,000	-	-
Other investments	286,092	-	-	-	286,092
Other receivables	505,751	505,751	-	-	-
<b><u>Financial liabilities</u></b>					
Loans and borrowings	(228,000)	-	(76,000)	(76,000)	(76,000)
Other payables and accruals	(134,200)	(134,200)	-	-	-
Employee benefits	(35,759)	(35,759)	-	-	-
	<b>1,645,736</b>	<b>1,037,644</b>	<b>474,000</b>	<b>(76,000)</b>	<b>210,092</b>

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2010**

**4. Financial risk management policies (continued)**

**(ii) Liquidity risk**

**2009**

	Carrying amount \$	6 months or less \$	6 -12 months \$	1- 2years \$	2-5 years \$
<b><u>Financial assets</u></b>					
Cash and cash equivalents	470,861	470,861	-	-	-
Term deposits	450,000	-	450,000	-	-
Other Investments	330,669	-	-	-	330,669
Other receivables	740,375	740,375	-	-	-
<b><u>Financial liabilities</u></b>					
Loans and borrowings	(380,000)	-	(76,000)	(76,000)	(228,000)
Other payables and accruals	(95,155)	(95,155)	-	-	-
Employee benefits	(29,038)	(29,038)	-	-	-
	<u>1,487,712</u>	<u>1,087,043</u>	<u>374,000</u>	<u>(76,000)</u>	<u>102,669</u>

**(iii) Market risk**

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

**Interest rate risk**

The Council adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on a fixed-rate basis, taking into account assets with exposure to changes in interest rates.

At the reporting date the interest rate profile of the Council's interest-bearing financial instruments was:

	<b>2010</b> \$	<b>2009</b> \$
<b><u>Variable rate instruments</u></b>		
Term deposits	<u>550,000</u>	<u>450,000</u>
	<u>550,000</u>	<u>450,000</u>
<b><u>Sensitivity analysis</u></b>		
The approximate impact of a 1% change in the interest is:	<u>5,500</u>	<u>4,500</u>

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2010**

	2010	2009
	\$	\$
<b>5. Dividend income</b>		
Unit Trust of Fiji	13,265	8,321
<b>6. Other income</b>		
Gain on disposal of property, plant & equipment	5,300	4,500
Other income	7,322	3,884
Rental income	90,360	70,490
Sundry income - legal services	10,245	6,026
Sale of Durion	41,663	21,331
	<u>154,890</u>	<u>106,231</u>
<b>7. Other operating expenses</b>		
Included in other operating expenses are the following items:		
Allowance for uncollectibility	42,742	15,957
Auditor's remuneration - audit services	7,000	6,500
- other services	721	3,762
Depreciation	65,769	62,105
Directors' fees	-	68,691
Loss on remeasurement of investments to fair value	27,991	24,404
Legal fees	-	1,362
	<u>-</u>	<u>1,362</u>
<b>8. Personnel expenses</b>		
Annual leave	17,599	21,913
Fiji National Provident Fund contributions	22,747	23,505
Key management compensation - Short term benefits	53,750	53,750
Training and Productivity Authority of Fiji	2,775	3,786
Wages and salaries	200,716	240,572
	<u>297,587</u>	<u>343,526</u>
The average number of employees during the year was:	<u>24</u>	<u>26</u>
<b>9. Financing income and expenses</b>		
<u>Finance income</u>		
Interest income	33,300	21,269
<u>Finance expense</u>		
Bank charges	1,877	2,450
Interest expense	6,080	7,121
	<u>7,957</u>	<u>9,571</u>

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2010**

**10. Property, plant and equipment**

	<b>Fixtures &amp; fittings</b>	<b>Plant &amp; equipment</b>	<b>Motor vehicles</b>	<b>Land &amp; buildings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cost</b>					
Balance at 1 January 2009	123,710	410,633	291,884	1,291,015	2,117,242
Acquisitions during the year	-	14,200	30,000	18,670	62,870
Disposals during the year	-	(18,792)	-	-	(18,792)
Balance at 31 December 2009	123,710	406,041	321,884	1,309,685	2,161,320
Acquisitions during the year	-	10,700	-	4,960	15,660
Disposals during the year	-	(12,600)	-	-	(12,600)
Balance at 31 December 2010	123,710	404,141	321,884	1,314,645	2,164,380
<b>Depreciation</b>					
Balance at 1 January 2009	122,821	377,105	219,242	184,973	904,141
Depreciation charge for the year	513	16,988	27,453	17,151	62,105
Disposals during the year	-	(18,792)	-	-	(18,792)
Balance at 31 December 2009	123,334	375,301	246,695	202,124	947,454
Depreciation charge for the year	315	15,881	31,625	17,948	65,769
Disposals during the year	-	(12,600)	-	-	(12,600)
Balance at 31 December 2010	123,649	378,582	278,320	220,072	1,000,623
<b>Carrying amount</b>					
At 1 January 2009	889	33,528	72,642	1,106,042	1,213,101
At 31 December 2009	376	30,740	75,189	1,107,561	1,213,866
At 31 December 2010	61	25,559	43,564	1,094,573	1,163,757



**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2010**

**11. Other investments**

Non-current investment

Financial assets designated at fair value through the statement of comprehensive income.

	2010 \$	2009 \$
(i) The Fiji Sugar Corporation Limited		
This represents investment in The Fiji Sugar Corporation Limited of 119,401 ordinary shares at \$Nil (2009: \$0.25). The company was delisted from the South Pacific stock exchange on 24 February 2011.	-	29,850
(ii) Unit Trust of Fiji		
This represents investment in Unit Trust of Fiji of 234,502 units (2009: 224,492 units) at \$1.22 (2009: \$1.34).	286,092	300,819
	<u>286,092</u>	<u>330,669</u>
<u>(i) Reconciliation of investment in The Fiji Sugar Corporation Limited</u>		
Balance at 1 January	29,850	42,984
Provision for impairment	<u>(29,850)</u>	<u>(13,134)</u>
Balance at 31 December	<u>-</u>	<u>29,850</u>
<u>(ii) Reconciliation of investment in Unit Trust of Fiji:</u>		
Balance at 1 January	300,819	303,768
Additional units acquired during the year	13,264	8,321
(Loss)/gain on remeasurement of investment to fair value	<u>(27,991)</u>	<u>(11,270)</u>
Balance at 31 December	<u>286,092</u>	<u>300,819</u>

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2010**

**11. Other investments (continued)**

	2010 \$	2009 \$
<u>Investment - South Pacific Fertilizers Limited</u>		
Balance at 1 January	298,381	-
Additional shares acquired during the year	-	380,000
Equity share of loss during the year Nil% (2009: 9.4%)	-	(81,619)
	<u>298,381</u>	<u>298,381</u>
Balance at 31 December	298,381	298,381
Provision for impairment of investment	(298,381)	(298,381)
	<u>-</u>	<u>-</u>

The Council holds 9.4% (2009:9.4%) shares in South Pacific Fertilizers Limited (SPFL).

**12. Cash and short term deposits**

Cash at bank	700,023	469,032
Cash on hand	1,829	1,829
	<u>701,852</u>	<u>470,861</u>
Cash and cash equivalents in the cash flow statements	701,852	470,861
Term deposits	550,000	450,000
	<u>1,251,852</u>	<u>920,861</u>

The average interest rate on term deposits in 2010 was 6.65% (2009: 7.25%). The deposits had an average maturity of 365 days (2009: 365 days).

**13. Other receivables**

Growers levy receivable from The Fiji Sugar Corporation	521,908	731,572
Other receivables	26,585	8,803
Less: Provision for doubtful debt	(42,742)	-
	<u>505,751</u>	<u>740,375</u>

Growers levy are determined under the Master Award and regulated under the Sugar Industry Act 1984 s(53). The collection of levies by FSC is deducted from the growers' share of proceeds of sale of sugar, molasses and other by-products of sugar.

**14. Loans and borrowings**

Current liabilities

Secured loan from Sugar Cane Growers Fund	76,000	152,000
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Non current liabilities

Secured loan from Sugar Cane Growers Fund	152,000	228,000
	<u>228,000</u>	<u>380,000</u>

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2010**

**14. Loans and borrowings (continued)**

The loan is repayable by annual repayments of \$76,000 and interest is being charged at the rate of 2% for the first three years and 3% for the remaining term.

The loan from Sugar Cane Growers Fund is secured by a first registered mortgage over CT7926 with improvements thereon.

	2010	2009
	\$	\$
<b>15. Other payables and accruals</b>		
Payables	64,468	65,986
South Pacific Fertilizers Limited	<u>69,732</u>	<u>29,169</u>
	<u>134,200</u>	<u>95,155</u>
<b>16. Employee benefits</b>		
Balance at 1 January	29,038	19,146
Expense recognised in the profit or loss	17,599	21,913
Leave utilised	<u>(10,878)</u>	<u>(12,021)</u>
Balance at 31 December	<u>35,759</u>	<u>29,038</u>

**17. Related parties**

**(a) Directors**

The following were directors for the Council during the year:

Villiams Gucake - Director of Sugar

Sundresh Chetty - Acting Chief Executive Officer

Directors' fees are disclosed in Note 7.

**(b) Identity of related parties**

Fiji Sugar Corporation (FSC) and South Pacific Fertilizers are related parties by virtue of common directorship and shareholding. Other related parties of the Council include key stakeholders in the Fiji Sugar Industry, namely, the Government of Fiji, Sugar Research Institute of Fiji and Sugar Cane Growers Fund.

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2010**

**17. Related parties (continued)**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>(c) Amounts receivable from (payable to) related parties</b>		
South Pacific Fertilizers Limited (Note 15)	(69,732)	(29,169)
Growers levy receivable from Fiji Sugar Corporation Limited (Note 13)	<u>521,908</u>	<u>731,572</u>

**(d) Transactions with related parties**

During the year, the Council entered into various transactions with related parties which were at normal commercial terms and conditions. The aggregate value of material transactions with the related parties during the year is as follows:

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Acquisition of additional shares in South Pacific Fertilizers	-	380,000
Levy income – The Fiji Sugar Corporation Limited	<u>600,000</u>	<u>992,691</u>

**(e) Transactions with key management personnel**

Key management personnel includes the Acting Chief Executive Officer.

In addition to his salary, the Council also provides non-cash benefits to key management personnel. Key management compensation is disclosed in Note 8.

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>18. Non-cash investing activity</b>		
Trade-in of property, plant & equipment	<u>5,300</u>	<u>4,500</u>

**19. Capital commitments**

Capital commitments as at 31 December 2010 amounted to \$Nil (2009: \$Nil)

**20. Contingent liabilities**

The Council is a defendant in various third party claims and employee related cases. The Directors do not expect the outcome of these actions to have a material effect on the Council's financial position.

**21. Significant events during the prior and current year**

The following significant events occurred during the prior year:

- (i) On 11 August 2009 a Cabinet decision was made to dissolve the Council;

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2010**

**21. Significant events during the prior and current year (continued)**

- (ii) On 11 November 2009 a Cabinet decision was made that the services of the 38 councillors be terminated effective from 11 November 2009, the administrative arm of the Council be retained until end of 2009 crush or when a successor body to the Council is established whichever comes earlier and the Registrar of the Sugar Industry Tribunal was appointed to co-sign cheques with the Acting CEO of the Council.
- (iii) As at the date of the financial statements, there have been no further actions taken with regard to the dissolution of the Council or appointment of a successor body.
- (iv) The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary as a result of the dissolution of the Council.

**22. Events subsequent to balance date**

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Council, the results of those operations or the state of affairs of the Council in subsequent financial years.

## **Disclaimer**

The additional financial information presented on pages 27 to 28 is in accordance with the books and records of Sugar Cane Growers Council which have been subjected to the auditing procedures applied in our statutory audit of the Council for the year ended 31 December 2010. It will be appreciated that our statutory audit did not cover all details of the additional financial information. Accordingly, we do not express an opinion on such financial information and no warranty of accuracy or reliability is given.

In accordance with our firm policy, we advise that neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any person (other than the Council) in respect of such information, including any errors or omissions therein, arising through negligence or otherwise however used.

**5 August 2011**  
**Nadi, Fiji Islands**

  
**KPMG**  
**Chartered Accountants**



**Sugar Cane Growers Council**  
**Statement of operations**  
**For the year ended 31 December 2010**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Income</b>		
Dividend income	13,265	8,321
Gain on disposal of property, plant & equipment	5,300	4,500
Gain on remeasurement of investments to fair value	-	-
Interest income	33,300	21,269
Growers Levy	600,000	992,691
Rental income	90,360	70,490
Sundry income - legal services	10,245	6,026
Sundry income - service fees	-	-
Sale of Durion	41,663	21,331
Other income	7,322	3,884
	<hr/>	<hr/>
<b>Total income</b>	<b>801,455</b>	<b>1,128,512</b>
	<hr/>	<hr/>
<b>Expenditure</b>		
Advertising	396	2,000
Doubtful debts	42,742	15,957
Auditor's remuneration - audit services	7,000	6,500
- other services	721	3,762
Bank charges	1,877	2,450
City rates	721	721
Cleaning	9,322	12,164
Computer maintenance and network	-	-
Councillors travel and subsistence	-	101,313
Depreciation	65,769	62,105
Directors' fees	-	68,691
Donations	410	310
Electricity	27,104	23,228
Fiji National Provident Fund contributions	22,747	23,505
General expenses	5,352	11,917
Growers accountant's fees	5,625	5,625
Hospitality	1,070	966
Industry seminar and workshop	-	50
Insurance	22,470	22,990
Interest expense	6,080	7,121
	<hr/>	<hr/>
Expenses balance carried forward	219,406	371,375

The above statement of operations is to be read in conjunction with the disclaimer report set out on page 26.

**Sugar Cane Growers Council**  
**Statement of operations**  
**For the year ended 31 December 2010**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Expenses balance brought forward	219,406	371,375
Legal fees	-	1,362
Loss on remeasurement of investments to fair value	27,991	24,404
Meeting costs - board	-	10,397
Meeting costs - council	-	-
Meeting costs - other	4,262	4,991
Motor vehicle expenses	38,838	33,245
Office expenses	5,594	6,223
Postage	2,844	2,547
Professional services	4,100	19,369
Rent	30,489	31,969
Repairs and maintenance	18,264	153,704
Research and development	-	1,784
Security expenses	10,098	10,292
Stationery and printing	8,227	6,274
Subscriptions	4,243	5,226
Telephone	24,238	29,556
Training and Productivity Authority of Fiji	2,775	3,786
Wages and salaries	272,065	316,235
Water rates	2,023	770
<b>Total expenditure</b>	<b>675,457</b>	<b>1,033,509</b>
<b>Operating surplus</b>	<b>125,998</b>	<b>95,003</b>

The above statement of operations is to be read in conjunction with the disclaimer report set out on page 26.